

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION

UNITED STATES OF AMERICA : DOCKET NO. 4:17CR105
:
VS. : SHERMAN, TEXAS
: AUGUST 22, 2018
DEREK MYLAN ALLDRED : 9:40 A.M.

SENTENCING HEARING
BEFORE THE HONORABLE AMOS L. MAZZANT, III,
UNITED STATES DISTRICT JUDGE

APPEARANCES:

FOR THE GOVERNMENT: MR. WILLIAM TATUM
U.S. ATTORNEY'S OFFICE
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FOR THE DEFENDANT: MR. ROBERT ARRAMBIDE
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COURT REPORTER: MS. JAN MASON
OFFICIAL REPORTER
U.S. DISTRICT COURTHOUSE
101 E. PECAN
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PROCEEDINGS REPORTED BY MECHANICAL STENOGRAPHY, TRANSCRIPT
PRODUCED BY COMPUTER-AIDED TRANSCRIPTION.

1 THE COURT: Good morning. Please be seated.

2 We're here in Case 4:17CR105, United States of America
3 versus Derek Alldred. And for the Government?

4 MR. TATUM: William Tatum for the Government, Your
5 Honor.

6 THE COURT: And for the Defendant?

7 MR. ARRAMBIDE: Robert Arrambide for Mr. Alldred,
8 Your Honor.

9 THE COURT: Mr. Alldred, we're here for your
10 sentencing pursuant to your final Presentence Report that was
11 filed on June 21st, 2018. Have you had a chance to review the
12 final Presentence Report, sir?

13 MR. DEREK ALLDRED: I have, Your Honor.

14 THE COURT: Okay. Just pull the microphone closer.

15 And have you had a chance to discuss it with your
16 counsel?

17 MR. DEREK ALLDRED: I have.

18 THE COURT: And do you understand the Presentence
19 Report?

20 MR. DEREK ALLDRED: I do.

21 THE COURT: And do you believe the Presentence Report
22 adequately covers your background, other than the objections?
23 I'll exclude the objections you filed, because you filed a
24 number of objections.

25 MR. DEREK ALLDRED: Yes, Your Honor, it does.

1 THE COURT: Then are you satisfied with the accuracy
2 of the report, other than the objections which we'll take up in
3 a minute?

4 MR. DEREK ALLDRED: I am.

5 THE COURT: And then, Mr. Arrambide, have you had the
6 chance to review the final report with your client and do you
7 believe that he understands it?

8 MR. ARRAMBIDE: Yes, Your Honor.

9 THE COURT: And do you have any comments, additions
10 or corrections to the report other than the objections you
11 filed?

12 MR. ARRAMBIDE: No, Your Honor.

13 THE COURT: On behalf of the Government, Mr. Tatum,
14 any comments, additions or corrections to the report?

15 MR. TATUM: Your Honor, only the matter we took up
16 earlier about the loss amount. Other than that, the Government
17 filed a motion for an upward departure in this case.

18 THE COURT: I understand and we'll deal with that
19 later. Then do you want to go ahead and put your agreement on
20 the record as to the loss amount?

21 MR. TATUM: Yes, Your Honor. After talking with the
22 defense, we've agreed to a loss amount of \$254,892.41. This
23 would make it, instead of a plus 14, a plus 12, and I'm pulling
24 up the paragraph right now. Paragraph 48 for specific offense
25 characteristic, it would make it a plus 12 instead of a plus

1 14.

2 THE COURT: Mr. Arrambide, are you in agreement as to
3 that amount?

4 MR. ARRAMBIDE: That's correct, Your Honor, we agree
5 with what was said.

6 THE COURT: Okay. So I will accept that and I'll
7 certainly -- I can't change the PSR, but I will reflect in the
8 statement of reasons that paragraph 48 should show a loss
9 amount of \$254,892.41, and that would change that from a plus
10 14 to a plus 12.

11 Is that all you had?

12 MR. TATUM: Yes, Your Honor.

13 THE COURT: Then, Mr. Arrambide, of course, you had a
14 number of objections and so let's turn to those now.

15 MR. ARRAMBIDE: Your Honor, without abandoning the
16 objections, I believe the agreement regarding the loss amount
17 pretty much takes care of objections one, two, three and four,
18 leaving us with objections five and the remaining objections,
19 objection five being our objection that he did not receive
20 acceptance of responsibility, I believe.

21 THE COURT: Okay. But as to objections one through
22 four, that information is still in the Presentence Report,
23 although in terms of -- it's still conduct the Court can
24 consider, so I don't know if you want to -- I'm not sure what
25 the nature of how you're asking the Court to proceed.

1 MR. ARRAMBIDE: Well, Your Honor --

2 THE COURT: Though it's not being factored into the
3 loss amount.

4 MR. ARRAMBIDE: We were mainly concerned that it not
5 be factored into the loss amounts, Your Honor, and I will have
6 in my allocution reasons why that information is mitigated.

7 THE COURT: So we're on the same page. It's still
8 relevant conduct for the Court to consider. It's just not
9 being included in the loss amount.

10 MR. ARRAMBIDE: Correct, Your Honor.

11 THE COURT: Okay. So then you don't need me to
12 address the first four. If you want to go ahead and address
13 objection number five then.

14 MR. ARRAMBIDE: Certainly, Your Honor. Your Honor,
15 the probation officer has denied Mr. Alldred acceptance of
16 responsibility because allegedly he made certain statements
17 that seemed to be conflicting, the most glaring of which is
18 that he's not blind.

19 I have provided the Court and the Government with a
20 copy of a 2015 evaluation by an ophthalmologist on behalf of
21 his claim for his blindness disability, which in fact he was
22 receiving.

23 In the second paragraph or the second page, rather, of
24 that evaluation in the medical source statement: Did they
25 do a full field vision test on him? Yes, they did, and the

1 supporting documentation is included with that, and the
2 doctor's conclusions were that he has no functional vision
3 remaining. He suffers congenitally from a couple of
4 different defects: Marfan syndrome, which is a syndrome
5 that destroys or disfigures connective tissue, and one of
6 the ways it affects the eyes is it dislocates the lenses,
7 and so his eyes and lenses don't work properly. He's also
8 cross-eyed. Those things are congenital from birth.

9 He -- he has no functional vision. He's never had a
10 driver's license. He has driven, and it's a scary thing to
11 think that he was driving when he has vision of 2200 plus,
12 when the doctor looked at his eyes and saw what his field of
13 vision was and said there's no -- there's no more vision
14 left to speak of. The cataracts mean that he had one lens
15 removed because of the Marfan syndrome.

16 He's not lying when he says he's blind, and so the
17 probation officer, I'm assuming, had access to these reports
18 but chose to ignore them when she decided that that
19 statement was incorrect or anomalous.

20 When I objected and said that he did in fact have
21 authorization to use certain people's credit cards, he did.
22 Not he, the Defendant Derek Alldred, but his alter ego that
23 he created, and his alter ego wasn't anything -- any
24 creation of a mind that was medically infirm. It was his
25 creation. That's what alter ego means, much like a

1 corporation. So the alter ego had permission to use those
2 credit cards. He didn't, he, the Defendant.

3 The alter ego had permission in at least one statement
4 by an alleged victim, had permission to engage in consensual
5 sex. He, Derek Alldred, the Defendant, didn't, and so she
6 feels raped.

7 So therein lies the difference and distinction. It's a
8 distinction that doesn't matter for criminal purposes but it
9 does matter for his acceptance of responsibility.

10 He made the statement but it's completely consistent
11 with his acceptance of responsibility. There was permission
12 to use those credit cards. It just was gotten nefariously.
13 It was fraud in the inducement to get permission to use
14 those credit cards, and he accepted responsibility for that.

15 He didn't take the Government to trial. It would have
16 been a very interesting trial, I think, frankly. But he
17 chose not to. He chose acceptance of responsibility for
18 what he had done to the women here in Dallas/Fort Worth and
19 here we stand ready for sentencing.

20 Not having taken the Government to trial is a huge part
21 of acceptance of responsibility, and so because we saved
22 probably a week or two of trial, we think he deserves
23 acceptance of responsibility, Your Honor.

24 THE COURT: Thank you. Mr. Tatum?

25 MR. TATUM: Your Honor, in relationship to the alter

1 ego, the Defendant is the one in this case and he is the one
2 who's trying to get acceptance of responsibility. To try and
3 split himself into two and say, well, actually, I did not
4 commit those crimes, my alter ego, Rich Taylor, or whoever it
5 was committed those crimes is somewhat ridiculous.

6 He knew he was the person committing the crime. He
7 knew he was not Rich Taylor. He knew he was Derek Alldred.
8 He told them he was a different person in order to hide his
9 identity, in order to get them to provide him with the
10 money, with the credit cards, and in order to get in their
11 lives in every single victim in this case.

12 To stand up here and say Derek Alldred accepts
13 responsibility but your alter ego does not accept
14 responsibility, well, Derek Alldred is the one who's the
15 Defendant in this case. He knows none of these other
16 personas are real. He knew it was him the entire time doing
17 this.

18 So in that situation, I don't think you can stand here
19 and say, yes, I have accepted responsibility, but the person
20 who received consent for all these items, you know, they
21 actually had consent, even though that was me just acting as
22 a different person. It doesn't make any sense.

23 In regard to the issue involving the blindness, the
24 report that was provided is from 2015, I believe, and the
25 facts have shown that in 2016, 2017 the Defendant was

1 borrowing these victims' cars. He was driving their cars.
2 He's giving them this persona that he's a pilot, that he's a
3 professor, all of these things, and never at any point is
4 there ever any question that, oh, and by the way, I'm blind.

5 The life he's living is not conducive with someone who
6 is blind. And when you look at his history through the
7 statements that were provided in the Presentence Report and
8 then through some of the victim impact statements, there's
9 never a point where the Defendant in any way is acting as if
10 he's got some sort of eyesight problem.

11 And in fact, when he was arrested and brought here, it
12 wasn't until after the Presentence Report interview that he
13 notified anyone in the jails about his eyesight problem.

14 I know there's -- as Mr. Arrambide said earlier, he may
15 have some indication that he tried to in one of the jails,
16 but as far as his custody here, this only came up after the
17 Presentence Report.

18 The Defendant is receiving, pursuant to the documents
19 they provided, Social Security payments in Minnesota for
20 that what he calls disability, and there's also an
21 investigation into that specific blindness claim in
22 Minnesota.

23 So the Defendant saying that he's blind, there's plenty
24 of evidence to the contrary that consists of the actual
25 facts in this case and the actions that he took.

1 For that reason, Your Honor, and for the remainder of
2 the reasons that the PSR writer pointed out in the responses
3 to the defense's objections, this Defendant did notify that
4 he was willing to plead to the conduct in the case involving
5 Dorie Watkins, and since that time he has just provided
6 contradictory statements, during the evaluation he has
7 provided to other agents about exactly what he did, and then
8 even today still saying that it was his alter ego, that they
9 actually consented to give him the stuff, therefore, he's
10 accepted responsibility but he didn't really take it without
11 their consent.

12 Overall, Your Honor, I think that the objection in this
13 case should be overruled and that he should not get the
14 acceptance of responsibility.

15 THE COURT: Mr. Arrambide, any response, anything
16 additional?

17 MR. ARRAMBIDE: Only that when it's suggested that he
18 somehow scammed his way through an eye exam, the examiner found
19 in fact that his lens was missing in his left eye. That's
20 noted in the report. When the doctor took a look at his field
21 of vision and documented it through the scales that were used
22 on page six -- it's documented at six and seven -- it's
23 documented that he doesn't have any vision left hardly, and so
24 legally he's blind. That's an accurate statement. Legally he
25 is blind.

1 He has no functional vision left, and the fact that he
2 may be able to, very scarily, drive a car and luckily hasn't
3 had an accident doesn't change the fact that he is legally
4 blind.

5 With regard to the alter ego, he has never attempted to
6 escape responsibility by using that. He just explained,
7 hey, I got permission, I was fooling them, it was -- the
8 permission was not gotten lawfully. It's as simple as that.
9 He has never denied that he -- he has never claimed that he
10 got the permission lawfully is the point.

11 THE COURT: Okay. Thank you.

12 Well, Mr. Alldred, of course, acceptance of
13 responsibility is something the Court has discretion in, and
14 typically when a defendant pleads guilty and avoids a trial,
15 they get acceptance.

16 In this situation the reason why probation did not give
17 you acceptance was you admitted the underlying offense, but
18 you have contested some of the evidence regarding your
19 relevant conduct.

20 And Mr. Arrambide makes the issue regarding the issue
21 of the report about your blindness. That's one of the many
22 things that the probation officer looked at. It is not the
23 only thing.

24 But as to that -- and I've looked at the report.
25 What's fascinated the Court is we have this medical report

1 from 2015 that supports your assertion that maybe you're
2 legally blind. However, we also have evidence that you've
3 lived a life that doesn't show someone who is actually
4 living the life of someone who is legally blind.

5 Now, when you look at the actual facts of what you've
6 done and what you didn't complain, it wasn't until after it
7 came up in the PSR that you complained to the jail facility.

8 I don't know what weight to give the report that your
9 attorney has provided the Court. So in the end, I don't
10 think it matters. I don't know -- I don't know if you're
11 actually truly legally blind or not. I really don't know.
12 I can just say that there's evidence showing that you don't
13 live the life of someone who is legally blind, and so --

14 But irrespective of that is this idea of the alter ego.
15 At the end of the day, you're the one that did not have
16 consent to do these things because you're the Defendant in
17 this case. So it doesn't matter whether or not you had --
18 your alter ego somehow had permission or not. You did not
19 and you're the Defendant in this case, and it's relevant
20 conduct as to you.

21 And that's the reason why the probation officer
22 recommended taking away your acceptance points is your
23 denial of relevant conduct.

24 So the Court is going to overrule your objection.
25 Based on a preponderance of the evidence, there is

1 sufficient evidence of inconsistent statements throughout
2 this to allow the Court to say that you have not shown a
3 true acceptance of responsibility for all your actions, so I
4 am not going to give you acceptance points in this case.

5 Objection number six.

6 MR. TATUM: Your Honor, I believe objection number
7 six goes to the agreement earlier for the loss amount.

8 THE COURT: Okay. Well, your objection was -- since
9 you've agreed to that amount, I guess, Mr. Arrambide, you want
10 to withdraw objection number six?

11 MR. ARRAMBIDE: Yes, Your Honor.

12 THE COURT: Okay.

13 MR. ARRAMBIDE: Objection number seven involves
14 alleged sophisticated means, that he purposefully relocated as
15 part of a -- I mean, typically sophisticated means and
16 relocation issues involve a continuing fraud and attempt to
17 evade detection. And in this particular case, although we have
18 a relocation, he's been in San Francisco, he's been in Hawaii,
19 he's been in Minnesota, those were all places that his family
20 had either lived at times or the family had routinely visited,
21 and so that's not unusual for Mr. Alldred to have been in those
22 areas.

23 He was from Minnesota. He grew up in California. His
24 mother has returned to Minnesota at this point. They used
25 to vacation in Hawaii, so those were all places that he was

1 very familiar with. The only place he's ever come to that
2 was different was basically Texas.

3 But more importantly, we have discrete people -- this
4 was not a continuing scheme where he relocated to avoid
5 detection. He had already been detected in Minnesota. He
6 had already gone to jail in Minnesota and he left Minnesota.
7 It's as simple as that. When he had the opportunity to
8 leave, he left.

9 So he didn't use sophisticated means to relocate, and
10 that was the basis for the enhancement, as I recall, and so
11 we don't believe it applies. He didn't use any particularly
12 sophisticated means.

13 He got on the computer, met women, talked them into
14 spending lots of money in some cases, took some of their
15 money wrongfully in other cases, and here we are.

16 THE COURT: And you don't think it's sophisticated
17 means that basically while one fraud was happening, another one
18 was being set up, this whole process? He skipped from -- I
19 mean, he skipped from person to person, committing fraud upon
20 fraud, and that's how -- looking at the victims' statements,
21 certainly some of them connected because certain things were
22 going to different houses of the new victim. I mean --

23 MR. ARRAMBIDE: Well, I mean --

24 THE COURT: How does someone -- I mean, if that's not
25 sophisticated, what is?

1 MR. ARRAMBIDE: Your Honor, that's to say any
2 Lothario who dates more than one woman at any given time is
3 sophisticated somehow. You get on the computer, and almost
4 everybody knows how to operate these computers now. And, yeah,
5 I understand what the Court is saying by --

6 THE COURT: I'm not talking about the fact that he
7 was going from woman to woman in that sense. I'm talking about
8 the financial matters that he took from each person to each
9 person, that scheme.

10 MR. ARRAMBIDE: Well, Your Honor, that would suggest
11 some sort of plan, and I know that Ms. Pardini at least has
12 been alleging all sorts of wild theories about his planning,
13 and in fact, she makes allegations that there are other people
14 involved in helping him with these schemes, and yet there's no
15 proof of any of that.

16 You know, he dated multiple women at once. He
17 defrauded them at the same times, Your Honor, as he was
18 dating them. That's not sophisticated. That's just who he
19 is, unfortunately.

20 So there was nothing -- it's not like he created these
21 complex algorithms with which to do this. He basically
22 talked them out of things and talked his way into their
23 lives and utilized that access, which is completely normal
24 in fraud cases.

25 THE COURT: Well, Mr. Arrambide, it seems like you're

1 simplifying what he did versus -- anyways, anything else?

2 MR. ARRAMBIDE: Your Honor, that -- that is it in a
3 nutshell, that all he did was gain access through the normal
4 means. He didn't do anything sophisticated particularly to get
5 that access. He did what somebody would ordinarily do in a
6 fraud scheme. There was nothing particularly complex or tricky
7 about it. He didn't utilize any specialized computerized
8 skills. He didn't utilize any particular skills at all.

9 THE COURT: Mr. Tatum.

10 MR. TATUM: Your Honor, the Defendant in this case,
11 as pointed out in the probation officer's response, created
12 sort of multiple personalities or personas to get into the
13 victims' lives in this case.

14 When he was eventually arrested, he had government --
15 I'm sorry -- NCIS agent badges, government ID cards. He had
16 gone and, of course, bought the uniform that he wore to
17 present himself as a Navy officer. He presented himself as
18 a professor. He presented himself as an attorney at one
19 point, and he had enough sophistication to be able to pull
20 those roles off to convince people he was these actual
21 individuals.

22 He did go on-line and purchase military uniforms,
23 military awards, government badges, anything he could use to
24 try and forward this persona that he was in at the time.

25 At the same time he was doing this, he has another

1 person that he's also presenting himself as either an
2 attorney, a professor, a pilot, who he's engaging in this
3 same conduct with and he has set it up to the point -- I
4 mean, to a sophisticated enough point that when Victim A
5 takes him to the airport to drop him off to go to his
6 military duties, Victim B comes and picks him up from the
7 airport because he's just returning from his military
8 duties.

9 The Defendant -- in addition to that, aside from those
10 multiple personas, he went on-line to seek these women out.
11 Several of them met him through a dating website. Him going
12 on-line, looking at these various individuals and then
13 deciding which ones to strike up a relationship with
14 in order to get into their lives shows a level of
15 sophistication. He wasn't just bumping into people and
16 stealing their credit card. He was immersing himself in
17 their lives so that he could clean them out of everything.

18 The fact that he moved around from jurisdiction to
19 jurisdiction does show, as well, a level of sophistication
20 because he did that whenever somebody would finally realize
21 that this person is not who he said he was. Then he would
22 move jurisdictions and start up the fraud in a new
23 jurisdiction. And that's how he ended up in Minnesota,
24 Hawaii, Nevada, California and eventually Texas.

25 So I think the Defendant's conduct through these years

1 and through all these different victims does absolutely show
2 a level of sophistication in perpetrating this fraud.

3 THE COURT: Thank you. Mr. Arrambide, anything else?

4 MR. ARRAMBIDE: Your Honor, the application of
5 sophisticated means means especially complex or especially
6 intricate offense conduct pertaining to the execution or
7 concealment of the offense, and they give the example of
8 telemarketing schemes that are located in one jurisdiction and
9 marketing in other jurisdictions.

10 But I think if you think of it as -- and there's a
11 reference note to abuse of trust and skill enhancements. If
12 you think of it in that way, he didn't use any specialized
13 skills. He got on the computer, on the internet, which most
14 everybody can do today from the age of four years on up to
15 at least 60 years old, because we grew up with computers in
16 that timeframe.

17 There was nothing particularly complex about any of
18 this. He got into women's lives and he abused the trust
19 that they gave him. It's as simple as that.

20 And I'm not trying to oversimplify it. I'm trying to
21 put it in the context of what it is. Like I said, he didn't
22 create complex algorithms. He didn't specifically target
23 people here, here and here. He targeted the women where he
24 was located. He didn't target one at one time in Hawaii and
25 one at one time in Chicago and one down in Dallas all at the

1 same time. He -- he dealt with women with where he was
2 located, and he didn't try to locate it for the purposes of
3 not being caught. So we just don't think it applies, Your
4 Honor.

5 THE COURT: Okay. Well, I understand the argument
6 you're making, but I am going to overrule your objection. I do
7 believe, based on a preponderance of the evidence, that there
8 is sufficient evidence here to support this enhancement of two
9 points under the sophisticated means.

10 And part of that is because I do think you are trying
11 to oversimplify it. And I understand that's your job as his
12 lawyer to do so, but it's more than just stringing along a
13 number of women. It is what he did throughout this whole
14 process.

15 He carried on this fraudulent scheme over multiple
16 states, counties, municipalities as he did this activity.
17 He created multiple false identities and backgrounds in
18 order to avoid detection and keep this scheme in operation.

19 So this behavior I think qualifies for what is
20 considered or requires a level of sophistication more than
21 what you want to try to give it. So I don't think the
22 general public would have the ability to do what he did in
23 keeping this scheme going on for such a long period of time.
24 So I'm going to overrule that objection.

25 Objection eight.

1 MR. ARRAMBIDE: Objection eight, Your Honor, involves
2 possession of a firearm. The possession of the firearm in this
3 particular case, we claim, is completely incidental. He
4 borrowed a car from one of the victims. The victim's firearm
5 was in the car and it was there. He knew it was there. He
6 knew he was a felon and he shouldn't have been there with the
7 car and the firearm, but he never consciously sought out that
8 particular firearm. He never tried to get that firearm. It
9 was just there. It just happened to be in his presence, and he
10 didn't do anything to not have it in his presence. He didn't
11 use it, employ it in that way, and so, again, it just doesn't
12 apply, Your Honor.

13 THE COURT: Mr. Tatum.

14 MR. TATUM: Your Honor, in this case he did come into
15 possession of the firearm. Both -- two victims saw him in
16 possession of the firearm, and they also -- he borrowed a
17 holster from one of them to use that firearm.

18 But I think the important fact is that when he saw one
19 of those victims and they saw the firearm, he told them that
20 this firearm had been issued to him because he was in the
21 Navy. He used it to perpetrate this fraud that he was in
22 fact a U.S. Naval officer and he was a pilot.

23 In addition to that, he had told one of the victims
24 that he has a badge, a federal badge to carry a weapon on
25 him, the firearm.

1 So I think it goes above and beyond just merely coming
2 into contact with it as opposed to using it in order to
3 further the fraud that makes up this case.

4 THE COURT: Thank you. Mr. Arrambide, anything else?

5 MR. ARRAMBIDE: No, Your Honor.

6 THE COURT: Okay. I'm going to overrule the
7 objection. This comes up in a little different context than I
8 usually see it in terms of the possession of the firearm and
9 the enhancement, and this is under paragraph 52 of the
10 Presentence Report.

11 But Mr. Tatum is correct that however he came into
12 possession of the firearm, he came into possession and it
13 qualifies for the enhancement. He knew it was there. He
14 asked for the holster and that's a separate fact. And he
15 didn't make any effort to separate himself from the firearm
16 once he came in possession of it.

17 So he knew he had it and he could have gotten rid of it
18 or separated from it and he didn't do that. So I think the
19 enhancement is properly provided and I find so by a
20 preponderance of the evidence and overrule that objection.

21 Objection nine I guess is just a general objection, Mr.
22 Arrambide, correct?

23 MR. ARRAMBIDE: Correct, Your Honor.

24 THE COURT: So I'll overrule that except -- well, I
25 guess that one -- that's 59. Technically you -- well, because

1 of the agreement on the amount, that will get lowered two
2 levels, but I'll overrule your objection as to it should be
3 what you think as to the amount. We'll recalculate in a
4 second.

5 Objection ten deals with the visual impairment. Do you
6 want to add anything else to that?

7 MR. ARRAMBIDE: Well, Your Honor, with regard to
8 objection ten, I mean, certainly the United States Government
9 believes that he is visually impaired. I'm not certain that
10 any other component of the U.S. Government at this time can --
11 can technically overrule that. They have made their findings,
12 and I think SSA being a part of the executive, I'm not sure
13 that the U.S. Attorney's office is in a position to overrule
14 their findings. Certainly they can investigate them, but we
15 stand by that finding by the Social Security Administration,
16 Your Honor.

17 THE COURT: Well, again -- oh, go ahead, Mr. Tatum.

18 MR. TATUM: Judge, we don't have anything else to add
19 other than what we said earlier.

20 THE COURT: What I will note is -- I will go ahead
21 and put it in the statement of reasons because I can't change
22 the Presentence Report and just indicate that your client
23 claims that he is legally blind and has been so found by Social
24 Security or by documents submitted to the Social Security
25 Administration.

1 I think this has no impact on the guideline range, does
2 it, Mr. Arrambide?

3 MR. ARRAMBIDE: Only to the extent that it impacts
4 his acceptance of responsibility, Your Honor, which you've
5 already ruled on.

6 THE COURT: I understand that and I've already ruled
7 on that issue. Again, his conduct is different, but I'm making
8 a note that you're asserting that for purposes -- because I'm
9 not going to change the report.

10 Again, I don't know what weight to give the report you
11 submitted to me, as I said before. His conduct since that
12 shows something different, and so I don't know the answer.
13 So I assume the Bureau of Prisons will evaluate that
14 themselves to determine what his eyesight capability is.

15 Okay. So to the extent -- I'll overrule the objection
16 to the extent I need to, but I will make note in the
17 statement of reasons that he's asserting that.

18 Objection 11.

19 MR. ARRAMBIDE: Objection 11, Your Honor --

20 THE COURT: That's already been taken care of, I
21 think.

22 MR. ARRAMBIDE: Well, Your Honor, I think it speaks
23 for itself. Clearly the doctor didn't say what was claimed in
24 the Presentence Report, and I've highlighted what the doctor in
25 fact did say, quoted him from the report directly, that he

1 would be a candidate for group therapy so that he can certainly
2 learn the things he needs to learn before going on to
3 individualized therapy.

4 THE COURT: Well, in terms of the response, probation
5 just went ahead and quoted the -- took direct statements from
6 the evaluator. So what's your objection now?

7 MR. ARRAMBIDE: My objection is that -- that he is a
8 good candidate for psychological counseling in the Bureau of
9 Prisons.

10 THE COURT: Mr. Tatum.

11 MR. TATUM: Your Honor, we would just refer to the
12 quote that's actually been provided in the report that says his
13 prognosis at this time is guarded.

14 THE COURT: I guess, Mr. Arrambide, I'm not sure I
15 understand what you're asking the Court to even do here. I
16 mean, the probation officer switched it and quoted the language
17 from the evaluator on prognosis.

18 MR. ARRAMBIDE: We're just looking for that
19 ultimately to have that recommendation from the Court that he
20 be given psychological counseling in prison, as opposed to
21 ignoring it.

22 THE COURT: Well, I am going to recommend mental
23 health treatment, so is that sufficient?

24 MR. ARRAMBIDE: Yes, Your Honor.

25 THE COURT: Okay. And that concludes your

1 objections?

2 MR. ARRAMBIDE: Yes, Your Honor.

3 THE COURT: Okay. Of course, based on the stipulated
4 amount regarding restitution -- well, the loss amount, that
5 will change paragraph 48 to just plus 12, which will lower the
6 total offense level to 27.

7 So, Mr. Alldred, you pleaded guilty to three different
8 counts: Count three, aggravated identity theft; count four,
9 a second count of aggravated identity theft; and then count
10 six, mail fraud. To the extent that I have not previously
11 accepted those full plea agreements, I will certainly do
12 that at this time.

13 Can I have probation approach? I want to go over the
14 calculation.

15 (Off the record conference with the
16 (probation officer.

17 THE COURT: So, Mr. Alldred, the Court finds the
18 information contained in the Presentence Report has sufficient
19 indicia of reliability to support its probable accuracy. The
20 Court adopts the factual findings, undisputed facts and the
21 guideline applications in the Presentence Report, except for
22 the changes in terms of the agreed loss amount. I'll certainly
23 change that amount.

24 Based upon a preponderance of the evidence presented
25 and the facts in the report, while viewing the Sentencing

1 Guidelines as advisory, the Court concludes as follows:
2 Your total offense level is now a 27. Your criminal history
3 category is a VI, which provides for an advisory guideline
4 range for count three it's two years consecutive to all
5 other counts; count four is two years consecutive to all
6 other counts; count six is 130 months to 162 months of
7 imprisonment.

8 Then, of course, the Government has filed a motion for
9 upward departure or upward variance. Do you want to speak
10 on that first before I call on Mr. Arrambide?

11 MR. TATUM: Yes, Your Honor, if I may.

12 Your Honor, in this case I think there's several
13 grounds for upward departure consideration. Two of them
14 were noted in the Presentence Report under
15 USSG4(a)(1.3)(A)(1), information indicating the Defendant's
16 criminal history is substantially under-represented, the
17 seriousness of the Defendant's criminal history and
18 likelihood the Defendant will commit other crimes.

19 In addition to that, we've looked at United States
20 Sentencing Guideline Section 5K2.2, when the Court may
21 depart upward to reflect the actual seriousness of the
22 offense based upon conduct underlying, a charge dismissed as
23 part of the plea bargain or potential charges not pursued in
24 the case as part of a plea deal, or for any other reason
25 that did not enter into the determination of the applicable

1 guideline range.

2 Then finally, Your Honor, under United States
3 Sentencing Guidelines 2B1.1(20)(A)(2), if the offense caused
4 or risked substantial non-monetary harm, for example, the
5 offense caused physical harm, psychological harm or severe
6 emotional trauma or resulted in a substantial invasion of
7 privacy.

8 Focusing first on the upper departure being part of any
9 reason that did not enter into the determination of the
10 applicable guideline range or the offense causing
11 substantial non-monetary harm, when you look at the conduct
12 that's in this case, this case involves fraud, and we talked
13 today about a monetary loss and about the various amounts,
14 as you can see in the witness statements, of financial loss
15 to different victims, whether it was actual loss or intended
16 loss.

17 But what you'll also see running throughout the history
18 of this Defendant's conduct is the non-monetary harm that
19 has happened to each of these victims. There is a common
20 theme in every single victim's encounter with Mr. Alldred
21 where they were leading a normal, happy life, and once he
22 came into their life and once he was done with his offense
23 and left them, their lives have been destroyed forever.

24 Several of the victims still are unable to enter into a
25 relationship with other people. This one experience with

1 this Defendant completely destroyed any trust they've had in
2 other people and completely destroyed their ability to move
3 on and enter into a relationship with other people.

4 Some of these victims had their family affected. In
5 each of these statements -- in the majority of the
6 statements you'll see the Defendant didn't just become part
7 of the victim's life. He became part of the victims'
8 families' lives.

9 You see the statement where he essentially destroyed
10 the relationship between a father and his sons. The
11 Defendant destroyed a strained relationship between a victim
12 and their father, all by entering into their lives and just
13 leaving this massive amount of non-monetary damage.

14 In addition, Your Honor, he literally stalked these
15 people on-line and chose them. He met a lot of them through
16 dating websites. These were individuals that he went on
17 there, looked them up, saw who they were and chose them.
18 Not that he just happened to run into them and then steal a
19 bunch of money from them.

20 A lot of these victims have lost their livelihoods, and
21 I'm not talking about just an amount of money that was
22 stolen from a credit card. They've lost their retirement.
23 They've lost their reputations. Their ability to practice
24 their careers are gone.

25 As you can see from Presentence Report, one of these

1 victims became homeless. She had an eight year old child,
2 and by the time that Mr. Alldred left, she was gone out of
3 her house living out of a car.

4 And when you look at the Sentencing Guidelines, they do
5 talk about loss amount. They focus on monetary amounts, and
6 then there is a provision that looked at the non-monetary.
7 This case is unique in that the amount of damage that has
8 been caused all across the United States from this Defendant
9 coming into these people's lives is non-monetary. He has
10 completely ruined their lives, their futures, and in a lot
11 of cases, their relationships with their families. And
12 several of them are still trying to pick up those pieces and
13 may never be able to.

14 Looking at the statements that were provided in the
15 Presentence Report, the victim impact statements provided to
16 this Court, we feel that there is grounds for a departure
17 because the Sentencing Guideline doesn't necessarily take
18 that into effect when it looks at a table that says this
19 amount of monetary loss or this amount of monetary loss. We
20 think in this case there is an overwhelming amount of
21 substantial emotional distress, invasion of privacy,
22 non-monetary aspects that should increase the guideline
23 provision in this case in count six to the maximum of 20
24 years.

25 In addition to that, Your Honor, looking at the

1 Defendant's criminal history, a vast portion of his criminal
2 history involves charges that were either dismissed as part
3 of plea deals where you see 23 counts of burglary gone and
4 the Defendant receives a conviction and gets probation.

5 And we know that during these time periods where he's
6 getting these -- not miniscule but lesser charges, he was
7 out committing these frauds and following these victims all
8 across the United States.

9 Now that he's finally been caught and finally been
10 brought to court, we can look at these statements from the
11 various victims, look at the victim impact statements, and
12 realize that the things he's convicted of don't represent
13 who this person is. He's much more dangerous than what his
14 criminal history represents.

15 So for those reasons, Your Honor, for those three
16 provisions for an upward departure, and then also in the
17 case of a variance, the reasons I've just gone over, these
18 all include mitigating circumstances that, when you look at
19 Section 18 USC 3553(a), these mitigating circumstances go
20 beyond what is provided for in that section. As I've
21 stated, this Defendant literally destroyed their lives, and
22 he did it all across the United States.

23 The only positive thing that ever came out of this was
24 all of these victims' ability to not give up and to keep on
25 fighting across various jurisdictions for someone to finally

1 bring this Defendant to justice, and we have that
2 opportunity today.

3 Those circumstances, I think, qualify for a variance in
4 this case. Either way, I believe there's substantial
5 grounds for an upward departure or a variance, and we would
6 ask the Court to do so to the statutory maximum in the
7 amount for 20 years.

8 On top of that, Your Honor, for the aggravated identity
9 theft counts, we would ask that the Court give the mandatory
10 sentence, the 24 months in each count, and run those
11 consecutive to the count six mail fraud punishment.

12 THE COURT: Thank you. Mr. Arrambide, normally I
13 would call upon you first but I took the Government first
14 because of their request and their motion, but I'll ask you to
15 respond and also indicate what you believe the appropriate
16 sentence would be.

17 MR. ARRAMBIDE: Your Honor, this being a highly
18 unusual case, I'll make the highly unusual request to allocute
19 after the known victims and the other alleged victims in this
20 case have allocuted, with the Court's permission. A lot of
21 what I have to say in mitigation is in response to the various
22 statements of theirs that I have read, and since we're not
23 going to have an opportunity to cross-examine them, I would
24 prefer that they make their statements to you first so that I
25 may reply to those statements in his mitigation.

1 THE COURT: Mr. Arrambide, that's fine. I was going
2 to do the victims after you before I call upon your client to
3 speak, but I have reviewed all the victim statements and I know
4 there's a number of victims that would like to present to the
5 Court.

6 Mr. Tatum, do you know which ones are here and which
7 ones would like to speak?

8 MR. TATUM: Yes, Your Honor.

9 THE COURT: Mr. Alldred, if you'll come have a seat.

10 MR. TATUM: We'll start with Cindi Pardini, Your
11 Honor.

12 THE COURT: If you'll speak into the microphone and
13 state your name, ma'am.

14 MS. PARDINI: My name is Cindi Pardini.

15 THE COURT: Go ahead, ma'am.

16 MS. PARDINI: Finding yourself involved with a
17 psychopath is an adventure, that's for sure. It will open your
18 eyes to the human nature, our broken society, and perhaps most
19 of all, our own spirit. It's a dark journey that will throw
20 you into spells of depression, rage and loneliness. It will
21 unravel your deepest insecurities, leaving you with a lingering
22 emptiness that haunts your every breath.

23 Those words jumped out at me in a book a friend
24 recently gifted to me about toxic people, and that would
25 explain Derek Alldred and how he's clearly operated on his

1 path to destruction.

2 First Derek would idealize his life and lie about who
3 he was and what he could offer to bring balance and harmony
4 and excitement into our lives.

5 He would brag about his purported over-the-top
6 conquests in business as a dedicated military veteran, a
7 firefighter, a doctor curing rare diseases, a lawyer or an
8 investment banker.

9 In my case he claimed to be high-end luxury hotel
10 developer for the Ritz-Carlton Hotel collection, splitting
11 part of his time in Hawaii, Tahoe, and eventually wanted to
12 move to San Francisco.

13 On top of that, he claimed he was an uber-wealthy
14 financier who traveled by helicopter gobbling up expensive
15 skyscrapers in New York and San Francisco, seriously.

16 I'm still left with \$52,000 in debt active and another
17 \$50,000 in collections for the platinum American Express
18 card that he took out on my line of credit. Am Ex canceled
19 my card and I've lost over 24 years of positive credit on my
20 report.

21 I'm now in my fifth year actively fighting for justice,
22 unsuccessfully, to say the least. Frankly, I'm tired of not
23 being heard. It didn't start well when I initially reported
24 the crime to the police in November of 2013 in San
25 Francisco. The female fraud officer told me she probably

1 wouldn't even get to it until sometime in 2015.

2 What a lot of people don't know is from the time he was
3 caught in Minnesota with Kimberly, the doctor, in 2014,
4 Kevin Melder and I were actively speaking with guards in
5 Ramsey County, the prosecuting attorney and anyone who would
6 listen to us, begging him -- begging them not to let him
7 out, including a possible extradition to San Francisco,
8 which went ignored.

9 Kevin and I started sharing individual posts to social
10 media for years before any articles were written, trying to
11 get information shared to the public.

12 Once the Pioneer Press had written articles and Karell
13 got ahold of it in Minnesota, we continued to share to bring
14 awareness. That's how we were able to gather the victims
15 together: Vanessa Cabello, Kathy Doan Crowell, Tracy
16 Santucci, Kevin Melder, Sarah Mundy, Mandy Azuar, Wendy
17 Harvey, myself, Kimberly Haycraft, JoAnne, Lisa, Cathy,
18 Kimberly, Missi Brandt, Linda Dyas, the Arizona woman,
19 Victoria Stoehr in California, Kelly Snyder Peterson in Las
20 Vegas and now Dorie and Tracie.

21 It is insane. It is absolutely all-consuming in every
22 way. It has proven to destroy all aspects of my life, my
23 emotional and my physical wellbeing, my dignity, my sense of
24 trust, growth in my once bustling tech career, and it has
25 ultimately left me financially devastated. What started out

1 as hundreds of thousands of dollars has now turned into a
2 loss of \$1.7 million.

3 In the prime of my earning potential and my career that
4 I worked so hard to build in San Francisco for over 20
5 years. I've been hospitalized a whopping nine times, six of
6 which I was transported via ambulance. I have suffered
7 massive anxiety attacks from trying to unsuccessfully repair
8 my financial losses, resulting in violently throwing up bile
9 every single morning in my kitchen sink, and also
10 hospitalized twice for grand mal seizures.

11 Again, it has been five years. Two years ago I was
12 transported to the hospital once again via ambulance with a
13 feeling I was going to have more seizures. I later checked
14 into an intensive outpatient -- inpatient treatment center
15 for an entire month, exiting with a diagnosis of complex
16 post-traumatic stress disorder.

17 I spent the entire year after that in intensive therapy
18 two days a week in hopes I could put this behind me. I'm
19 lucky to be alive, but I can't say I've always wanted to
20 live.

21 I was once a very social person and vibrant. I've now
22 become someone who never goes out to dinner with friends. I
23 never socialize. I never go to parties. I never make plans
24 to go out of town, and I barely go out of my house.
25 Arguably, I'm a recluse with no life, and I feel defeated.

1 I want to feel like -- I want to feel like all of this
2 time and energy we have invested in trying to bring
3 awareness to Derek Alldred's antics, which are clearly
4 documented now, over the course of 25 years swindling, has
5 meaning.

6 It isn't just a romance scam everyone wants to eagerly
7 point this out to be, although those are the stories that
8 haven't been heard, and we seem to want the justice that we
9 deserve as well.

10 I want to believe that the justice system sees the
11 people, that people like this should not be allowed to just
12 come into people's lives and willingly destroy them and
13 their families, their livelihood and their future.

14 Every single second of every single day I carry the
15 stress, the burden, the anxiety and the unease this has
16 created for me. I'm still seeking professional help and
17 work through all the trauma, which is still so centrally
18 prominent in my life. The night terrors are absolutely
19 paralyzing, and every day consistently throughout the day I
20 have to reset, recalibrate and get ahold of myself.

21 It shows up in every single moment of every day, and I
22 am battling to stay emotionally, physically and mentally
23 healthy.

24 I live in fear when this man is released he will
25 continue to harm vulnerable women, who are likely in their

1 seventies and in the sunset of their lives and looking to
2 find a companion and enjoy what they have created in their
3 lives.

4 My only hope is with this sentencing, he can no longer
5 hurt innocent people and that I find a way to heal from this
6 horrific situation.

7 Thank you.

8 THE COURT: Thank you, ma'am. Mr. Tatum, who's next?

9 MR. TATUM: Your Honor, Vanessa Cabello. Then, Your
10 Honor, we'll do Tracie Cunningham until Ms. Cabello gets back.
11 Tracie Cunningham? Okay. Your Honor, Dorie Watkins. Ms.
12 Cunningham would rather the Court rely on her written
13 statement, Your Honor.

14 THE COURT: Okay.

15 MR. TATUM: So we'll call Dorie Watkins.

16 THE COURT: Ms. Watkins.

17 MS. WATKINS: May 17th, 2017, was the last day I
18 would be the trustful, loving, giving person that I had been
19 for 50 plus years. It was the day that I uncovered that my
20 boyfriend, Richey Taylor, who I now know is Derek Alldred, had
21 conned and manipulated me.

22 Outside of the mental games he played and the lies he
23 told me, in the span of just six weeks he stole over
24 \$17,000.

25 Derek is a career criminal. He knew I was vulnerable

1 at that time in my life as I had just gone through a
2 divorce. He latched onto it. He has history of preying on
3 women in similar situations.

4 I'm now under the care and have been for the past year
5 of a psychologist who is helping me deal with the situation.
6 I, too, have been diagnosed with post traumatic stress
7 disorder and there are several triggers that can send me
8 into a very deep panic attack.

9 This monster has ruined my trust in everyone. I'm
10 afraid of leaving my home because he knows where I live.
11 I'm told that I shouldn't be scared because he's been behind
12 bars, but I've seen in the history that over and over and
13 over again the justice system has let us down. Once again,
14 because he's such a manipulator, I'm afraid the legal system
15 will release him.

16 Rather than get a job like everybody else in society,
17 he's made a career out of stealing and swindling women since
18 the 1990s. There's a trail of victims behind me throughout
19 the United States. Each were failed by the legal system.
20 Each were failed by the legal system to press charges for
21 the crimes he did. Because of those failures, he was free
22 and found me.

23 The day that I trusted Derek was the worst mistake of
24 my life, but the day I uncovered who he really was, I vowed
25 I would be his last victim, and at least for now I am.

1 There was at least 25 victims behind me that couldn't
2 stop his crimes, yet I did. The State of Texas did.

3 I plead that the maximum number of years in prison is
4 given to him, years without the chance of parole. He has
5 sentenced me to a lifetime of untrust and fear. No matter
6 what sentence he's given, it's not going to compare to the
7 one he's given me.

8 THE COURT: Thank you, ma'am. Mr. Tatum.

9 MR. TATUM: Melissa Brandt.

10 THE COURT: Would you state your name, ma'am?

11 MS. BRANDT: I'm Melissa Brandt.

12 THE COURT: Thank you.

13 MS. BRANDT: From the moment we made our first date,
14 my life has been upside-down. I spent all of the summer of
15 2016 waiting, continually being anxious, arguing, disappointed
16 and sad.

17 He came into my life when my life was happy, calm and
18 moving upward in every way. I trusted him. My kids trusted
19 him. My friends and family trusted him, or me on the
20 decision I made on dating him.

21 Since I found who he really was, my income has went
22 from \$47,000 to a whopping \$29,000.

23 I allowed myself to be completely distracted with all
24 of his lies and fake drama.

25 I get up every day, work myself dizzy and make very

1 little money. I do it because I have to. Not a single day
2 actually goes by that I'm not reminded of the awful mistake
3 that I made, trusting him.

4 Not only the financial aspect is a daily struggle. How
5 I look at people, how I feel about people, and it's just
6 very hard to explain. Actually, I haven't found the words
7 in two years. I guess I would say I feel dirty inside now.
8 I don't like to use the word shame. I was really feeling
9 shameful of myself. And I don't like victim, and next to
10 some of the other women that I have met in person, I don't
11 feel like I'm so much of a victim.

12 Two years later I'm a nervous wreck. I cry more than I
13 ever have. I just keep to myself, and I'm letting this
14 define me to some extent, and I can't have it. I'm also
15 seeking therapy.

16 And how this has impacted my life has been every way
17 that you can think of, and it's just too hard to put into
18 words.

19 I am grateful that someone has taken this man and what
20 he does seriously. He destroys lives. He just completely
21 destroys everything.

22 I'm begging for the maximum punishment. I beg for
23 harsh parole. From his extensive criminal history, from
24 where we are today, we all know he will just be out doing
25 the exact same thing.

1 And my 12 year old daughter also wrote an impact
2 statement and her name is Reese Brandt.

3 So I met Derek over two years ago. When I met Derek,
4 he seemed so nice and he was funny, but then he would
5 disappear for a day, two days or even longer. And my mom
6 would start getting a little nervous, suspicious, and after
7 this happened several times -- she actually said a few
8 hundred -- she would break up with him and there would be
9 some mean words exchanged, and somehow he would figure how
10 to make his way back into my family's life.

11 Each time we would welcome him back because he just
12 seemed so warm-hearted. He would promise us so much but
13 never fulfilled any of his promises. He hurt my family and
14 he took so much time out of our lives, and to then find out
15 that he lied about everything, it really stunk.

16 Everything was going so well, but then he came along
17 and many things went down from there. If he hadn't come
18 into our life, we would have been a lot -- we would have
19 been a lot better, not to mention a whole lot of less tears
20 spilled and stress would have never happened.

21 I would like to go to Texas to make a difference in
22 this bad situation. I would also like to make sure that
23 Derek stays in jail so this will never happen to my family,
24 never happen to any other women and their family.

25 We are now close friends with another victim of Derek.

1 Linda is a really good person, and we have had to watch her
2 struggle from how Derek took from her. She is nice, smart,
3 kind, and she had to start from ground zero because of what
4 he took. She was also doing very good before he came into
5 her life and took so much.

6 THE COURT: Thank you, ma'am.

7 MS. BRANDT: Uh-huh.

8 THE COURT: I'll note for the record too, Ms. Smith
9 has now appeared.

10 MS. SMITH: Just briefly, Your Honor. Mr. Tatum
11 needed a small break.

12 THE COURT: That's fine. And who's next?

13 MS. SMITH: Next, Your Honor, we would like to call
14 Linda Dyas.

15 THE COURT: Ma'am, if you'll state your name for the
16 record.

17 MS. DYAS: My name is Linda Dyas.

18 THE COURT: Thank you, ma'am.

19 MS. DYAS: I am angry. I am sick to my stomach
20 listening to the lies that Derek, Richard Derek Peterson as I
21 knew him, continues to perpetrate on this Court.

22 It is astonishing that this man has the audacity to
23 dispute any of the claims made by the ten victims in this
24 room and 15 additional victims that I know of, and hundreds
25 of additional businesses, hospitals, banks, credit card

1 companies, victims and victims' families that he has also
2 perpetrated.

3 I want you to know who I am. I'm a U.S. Navy veteran.
4 I have a BS in chemistry. I have all but my dissertation
5 and my chemistry PhD from Texas A&M. I have a Master's in
6 Business Administration, I have two senior reactor operator
7 licenses at nuclear power plants from the NRC in this
8 country. I've held top secret clearance, and I have been
9 subjected to FBI investigations periodically since 1992. I
10 have both my Series Seven and Series 66 licenses. They're
11 inactive now.

12 I'm a mother. I'm a good mother. I'm a divorced
13 woman. I'm a victim of Derek Mylan Alldred.

14 My world was shaken to the ground. The events that
15 followed his arrest were devastating. I'm not sure how I
16 survived them or if I'm done surviving.

17 Every box moved I moved, every corner I cleaned, I
18 found evidence of something else he was trying to steal or
19 had hidden from me for his advantage.

20 I was able to scrape together rent through May when I
21 was finally evicted from the house that Derek had rented. I
22 had a huge garage sale and made enough money to store some
23 of my belongings in two pack rat containers.

24 My son and I stayed on the floor at a friend's house
25 for the last two weeks of school. I was officially

1 homeless.

2 I am angry that so many women have lost their future,
3 their savings, and in some cases, homes prior to me. I'm
4 still confused as to why one man has been allowed to violate
5 women, children, families for more than 25 years, why he has
6 been allowed to destroy lives, to live an extravagant,
7 ostentatious, absurd lifestyle on the backs of average
8 people.

9 I'm astonished that our judicial system has believed
10 his lies. I'm floored that these judges in the states have
11 not taken his previous convictions into account when dealing
12 with him in the next conviction. And I'm happy that this
13 Court is considering our statements.

14 I'm angry that most officers that I've dealt with in
15 the past two years believe that I'm simply a jilted
16 girlfriend with a boyfriend who cheated on me, that my
17 report was merely a way to get back at my ex-boyfriend.

18 The sheriff's office was coming after me and going to
19 arrest me for writing fraudulent checks, when Derek admitted
20 to writing the fraudulent checks and admitted that he had
21 stolen my checkbook without my permission. They never
22 arrested him. They never charged him. And I don't
23 understand that I was going to get arrested for the
24 fraudulent checks he wrote, but when he admitted it, nothing
25 came of it in the State of Minnesota.

1 I want this type of con to be taken seriously. I want
2 this to be treated seriously in a court. I want Derek Mylan
3 Alldred to face real consequences for the devastation that
4 he caused in people's lives and in my life.

5 Out of all my confusion and anger, I'm certain of one
6 thing. I'm certain that Derek Mylan Alldred will continue
7 to steal, to con and to lie once released. He's done it
8 right here in this court today.

9 We will not be his last victims. If he is unable to
10 victimize someone while in prison, possibly on the internet
11 or through mail, then when he is given freedom at the end of
12 his sentence, he will victimize again.

13 His only list of job skills in this life are
14 impersonation, deception, graft, theft, manipulation,
15 fencing, cyber criminal behavior, cyber terrorist behavior,
16 harassment and identity theft, and he should face the
17 highest punishment, I beg of you.

18 THE COURT: Thank you, ma'am. Mr. Tatum.

19 MR. TATUM: Yes, Your Honor, Kevin Melder.

20 THE COURT: Would you state your name for the record?

21 MR. MELDER: Kevin Melder, sir.

22 THE COURT: Okay. Thank you, sir.

23 MR. MELDER: I'm going to get ready.

24 Your Honor, my name is Kevin Melder, and I'm here for
25 my two sons, Jake and Cody, who this man, Derek Alldred, was

1 their stepfather. He was married to Tracy Santucci from
2 April, 2011 to April, 2013. Tracy filed for nullity based
3 on bigamy. He not only dates two women at a time, sir, he
4 also marries two women at a time.

5 I appreciate the Court allowing me the opportunity to
6 speak about the ongoing devastation and impact the
7 Defendant, Derek Mylan Alldred, had imposed specifically on
8 my sons, Jake who was ten at the time and Cody at nine.

9 I apologize if my statement is a bit long, but the
10 impact and the reign of terror is much longer. The impact
11 is so much more than just false identity and some mail
12 fraud.

13 I would like to bring the Court's attention to some
14 other compelling facts that I feel will give a very clear
15 and precise picture of this -- who this diabolic human being
16 is.

17 May I ask the Court, Your Honor, when you consider
18 sentencing, two things to keep in mind, the culpability and
19 recidivism.

20 Like most of his victims, he found the boys' mother
21 on-line. They were introduced. There was no introduction
22 to my kids.

23 One day Jake and Cody came home from school and found a
24 strange man in their mom's bed. They were told this is
25 Derek, he's going to be your new stepdad.

1 Many people know my story. And it's funny how when you
2 say a small world, because I grew up in North Dakota. I
3 graduated with five kids. What's the chance that one of
4 them is going to read an article in the newspaper about
5 Derek Alldred? Well, that happened. Reading the Fargo
6 Forum on a Sunday, he read a little tiny article how this
7 man left this woman and her two kids at the St. Paul Hotel,
8 and the name was Derek Alldred.

9 So my friend, Tom Fetener called me and he says -- he's
10 the godfather of my son. He says isn't that the kids'
11 stepdad? I said yes, it is. Who wrote that article and
12 where did that article come from? Because it was Associated
13 Press.

14 One of Derek Alldred's favorite sayings is due
15 diligence, you need to do your due diligence. So I did mine
16 that day. I called the Pioneer Press and I spoke to Tad
17 Vezner and we talked in detail.

18 It was very overwhelming and it's very hard to believe
19 some of the stuff I was telling him. He asked me, can I
20 send proof? I did.

21 This opened the door for social media where Cindi
22 Pardini and myself started talking. I was very reluctant to
23 talk to anybody, because who can I trust? I didn't know who
24 was on whose side.

25 So this went on for a bit, as this man was destroying

1 people's lives. Therefore, Cindi and I stayed on his trail.

2 As you've heard or you will hear everyone's horror
3 stories about Derek Alldred and what he's caused, this is my
4 story. And I want to thank Tad Vezner and Lauren Lamencek
5 because they are the ones that helped bring us all together,
6 because we have no trust. We don't trust anybody. But with
7 them, we're able to work together and bring this together.

8 So my story starts with Jake, who was ten, and Cody,
9 who was nine. They had never even seen their mother date
10 before. All of the sudden Derek moves in and he takes
11 control of his reign of terror.

12 Jake and Cody both described Derek as a nice man when
13 other people were around, but, Dad, he's mean when he's left
14 alone. They told me of the headlocks, the ranking of their
15 arms, the yelling, and described that he is so loud and
16 crazy. This prompted an immediate call to their mother, who
17 denied those actions and claimed the boys were lying.

18 Soon after I received notices of insufficient funds
19 checks written by Tracy and Derek. However, currently --
20 however, currently they were enjoying new luxury cars, trips
21 to Hawaii.

22 In September of 2011 Tracy, being a school teacher by
23 profession, is off normal summers and we had agreed that I
24 would drop the boys off at her house while I worked a normal
25 8:00 to 5:00 40 hour week.

1 The first week of that summer when I had the boys in my
2 custody, Sunday night at 9:00 o'clock I get a text message
3 saying things have changed, you need to find your own day
4 care. I'll call this game number one, because Derek is very
5 good at creating chaos.

6 As I scrambled to get day care -- I was able to -- the
7 boys would ask, Dad, can we go to Mom's, not day care? Mom
8 lives close to their friends but the day care isn't. I said
9 I'm sorry, son, but your mom said she can't, her and Derek
10 are too busy. That's not what Derek tells us, Dad. Derek
11 says you are the one that says we have to go to day care.
12 He is totally messing with a nine and ten year old's mind
13 and destroying their perception of who their father is.

14 August, 2011 I was notified by my son's -- I was
15 notified that my sons were signed up in a before and after
16 school day care. Again another scenario. I would drop my
17 kids off at the day care before school. They would go to
18 day care after school. I would pick them up. Again, this
19 is the way to cost me money and cause havoc with my boys and
20 with their father.

21 In November, 2011 my sons were kicked out of the day
22 care that Tracy and Derek signed them up. Two of the three
23 months they had bounced checks to them. The staff related
24 to me that Derek is way out of control. He does nothing but
25 scream at them on the phone, and therefore, will not talk to

1 him at all. He is not a legal parent.

2 Derek responded with me as an email that he had
3 retained an attorney and that all communications from this
4 point on needs to go through her. For two months I tried to
5 find that attorney, and that attorney never existed.
6 Another lie.

7 He began his terror towards me as I was questioning and
8 closing in on his game, and on January 3rd, 2012 -- I
9 remember it well -- I was sitting there listening to my boys
10 in great detail. By this time, working in EMS for 18 years
11 as a paramedic, true firefighter -- not a fake one -- and I
12 have friends in law enforcement and I found out who Derek
13 Alldred was.

14 I called Tracy on speaker phone with my two sons, and I
15 asked, Tracy, what is going on? The boys are telling me
16 about physical abuse, emotional abuse, verbal tirades,
17 mental torture. And what is this, Derek recording the boys?

18 They, of course -- they were so scared of Derek, they
19 would lock their bedroom doors at night, so Derek took their
20 doorknobs off. I said my nine and ten year old sons do not
21 have to live in terror.

22 Tracy and Derek denied all of his criminal past and
23 that his identity at the time was stolen by his 14 year old
24 daughter, Shelby's boyfriend, and what I was presenting is
25 all false.

1 In the report I found out that Derek was married to
2 another woman, Shannon Riley, and had a daughter Shelby. I
3 drove up to Park Pines. Before I would produce this
4 information to Tracy, I wanted to know is this really true
5 information.

6 In fact, I met with Shannon. I met with Shelby. I met
7 with Uncle Fuzzy. I met with John and I met with Sheree,
8 all his other families.

9 Derek, of course, denied all the allegations and
10 claimed the boys were lying and that the information I
11 provided was false. That was January 3rd.

12 Sixteen days later, as a father, I got a phone call no
13 father should ever get. Kevin, your sons are missing. I
14 called Tracy and I said, where are the boys? I don't know.
15 I'll get back to you. They're with Derek.

16 I immediately called -- well, I immediately bolted out
17 of my work and called the sheriff for a welfare check, and I
18 was met at 1225 Eastern Avenue where Derek was arrested on
19 parole violations. He was on Sacramento's Most Wanted list.
20 He was booked without bail.

21 I then got my kids. They went to school. They were so
22 excited that he was in jail and gone. In fact, the boys
23 were so relieved that he was gone, that their mother said he
24 is not coming back, ever.

25 As soon as he got out, he came right back to her house.

1 Why? Why would a woman allow this man, who now all of his
2 identity that I said is proven and true, back into her life?

3 After speaking with Derek's parole officer, Ken Dixon,
4 I filed for full custody. I witnessed the classic signs of
5 abuse to both of my sons, but mostly Jake, the aggressive
6 behavior. I have emails where Tracy is asking me to talk to
7 Jake because he's out of control. He didn't have any of
8 those tendencies when he was with me. Mood swings, school
9 attendance. Jake missed up to 90 days in a school year. He
10 missed over 300 days in four years. Remind you, his mother
11 is a school teacher. Why is he missing all this school?

12 His school performances were all Fs. He had not passed
13 a core class in four years now. Feeling of helpless,
14 stopped playing all sports. Both of my sons were number one
15 picks in baseball, number one picks in football. I'll get
16 into more about that.

17 So May of 2012 Tracy tried to stop me getting full
18 custody and wanted to go to private mediation. So Dr. Mary
19 Ann Frank interviewed Jake and Cody both. They described in
20 great detail in a 38 page report that I have of the physical
21 abuse, the verbal abuse and these recordings that Derek
22 continues to take.

23 Derek's coaching Tracy to be meaner to the boys. She
24 needs to be meaner, is what the boys told me, and that is
25 what is in Dr. Mary Ann Frank's report. The fear that they

1 have in their mother's home is in that report.

2 Dr. Frank's recommendation was counseling and that
3 50/50 custody should remain because all kids deserve both
4 parents. And I totally agree with that, in a safe
5 situation.

6 To protect my children, a trial was set October 4th,
7 2012. The amount of stories and the severity of abuse that
8 my kids continued to tell me that summer are overwhelming.
9 They told me about the time when Derek pulled to the side of
10 the road as he was driving, screaming at the boys because
11 they're young boys and they were fighting in the back of the
12 car. Repeatedly calling them stupid. He blamed Jake
13 specifically. You're the reason my daughter will not come
14 to visit. Smashing their XBoxes.

15 The lies that were told to my son to influence their
16 perception of their father. When my son asked me, Dad, can
17 I ask you why mom divorced -- you guys got divorced? And I
18 said we grew apart. I traveled a lot. Remember? I said
19 ten days out, four days home. She thought she could do
20 better without. No problem. Well, that's not what Derek
21 said. Derek said you tried to kill her. Imagine looking
22 your 11 year old son now in the face and saying, Dad, you
23 tried to kill my mom?

24 Derek blames me why he was in jail with no bail. In
25 court one time I asked the judge, please do not allow Derek

1 Alldred to be driving my kids around. He does not have a
2 valid driver's license in California. If you were behind in
3 child support, which at the time he was over \$100,000 behind
4 to his daughter Shelby, they will suspend your license. He
5 pulled out his license out of his wallet and he showed it to
6 my son and said see, your dad is an effing idiot, I have a
7 driver's license.

8 I questioned the behavior, but I didn't understand how
9 a true psychopath works, and without knowledge of other
10 major court battles that were already happening, the Sarah
11 Mundy lawsuit that was filed in December, 2011, and a
12 judgment of \$175,000 against Tracy Santucci and Derek
13 Alldred. That is awarded and recorded in the Sacramento
14 Court in February of 2013. I have those documents as well.

15 Perhaps the reason that 1225 Eastern Avenue where they
16 lived, the house that her grandparents bought her, and the
17 foreclosure was going to lien, or is it because of the fake
18 documents that he is the executor of the Santucci Family
19 Trust and they took out a \$250,000 equity line that they
20 defaulted on?

21 Delinquent notices were sent to the residence. Final
22 notices were delivered. All while Derek was in jail though.
23 They had a notice that the house was going to be auctioned
24 off in July of 2012.

25 Derek is a con man. He moved into Tracy's house soon

1 after meeting her. He gained the participation with the
2 Sarah Mundy scheme. Tracy is listed as the manager of that
3 contract of a fake business.

4 He coached Tracy to be meaner to my son while he
5 videotaped it, only to be held over her head and ultimately
6 used against her. The transcript, which I have with me, of
7 the Sacramento County Child Protective Service file states
8 that the video shows Tracy grabbing Jake, yanking him to the
9 ground and hitting him as he screamed stop, stop, stop.

10 That is CPS Report 0567100707697037318. I have it with me.

11 So I would like to explain the leverage that Derek had.
12 That would explain the leverage that Derek had on Tracy, why
13 he was allowed to come back into her home after he was in
14 jail, after they lost their house, after all their Christmas
15 money was stolen, after all Tracy's mother's jewelry was
16 stolen, after Derek was caught with another woman at her
17 parents' house in Tahoe. The list goes on, and all I could
18 do is wonder what does he have on her. This is not -- not
19 good at all.

20 So anonymous -- then soon anonymous Fed Ex packages
21 arrived at my girlfriend's house, at my work, and the
22 football league where I was the president, with very false,
23 disparaging comments, with quotes, you need to do your due
24 diligence on Kevin Melder. The same day Fed Ex packages
25 arrived at Derek's former in-laws, the Reillys, and at

1 Shannon's house. Those he took ownership of. He even
2 signed it.

3 So when I was talking with Fed Ex, comparing the
4 packages, the handwriting, the tracking numbers, the
5 location and that a credit card was used, they were
6 sequential, same credit card. Just had a fake name and
7 address on mine.

8 It's obvious that Derek has launched a campaign to
9 destroy me and my son because we knew who he was and what he
10 was. So in September, 2012 there was a pretrial conference
11 for our trial. There, again, Derek had a fake medical
12 reason. He had liver cancer and needed to have a liver
13 transplant.

14 I said he's up to something. They're going to
15 blindsides us again. My sister is currently dying and did
16 die, and my two boys were denied coming to the funeral, of
17 liver cancer.

18 On October 17th I was clearing the table at my house.
19 As I reach for the plate, my son Jake postured like this in
20 a defensive mode. I saw it. My girlfriend saw it. I asked
21 him, I said, Jake, please tell me, why did you do that? Is
22 there somebody hitting you? Jake immediately looked at his
23 lap and he was on the verge to tell, as I sought
24 professional help the next day with a counselor.

25 October 17th, I believe it was a Thursday, our custody

1 is a week on, week off, changing on Mondays. So by Friday,
2 trying to get a counselor through the school, it didn't
3 happen. Monday they went back to Mom's. They were
4 interrogated. Jake told them what happened. My son Jake
5 did not attend school at all the following week. In fact,
6 he was placed in a room and he was coached to say that I hit
7 him.

8 On October 29th there was an ex parte and I was accused
9 of physical abuse, the exact same way that the video in the
10 CPS report states, except for the name Father was submitted
11 in there.

12 Due to the physical evidence and the conflicting
13 stories and the allegations, there was -- it was unfounded.
14 There was nothing. Just a story.

15 Derek and Tracy's scheme of the false allegations and
16 parental alienation was another revenue stream for him. She
17 has full custody. I'm paying copious amounts of child
18 support. That scheme lasted until October 25, 2017, when
19 the Judge finally granted 50/50 custody again.

20 November, 2012 Derek and Tracy were evicted from their
21 home that was auctioned off in July. They were hiding in a
22 hotel. His parole officer, Ken Dixon, called me and said
23 do you know where Derek is. I said I sure wish I did,
24 because I was looking for him as hard as his parole officer.

25 My kids had been missing for 38 days, but at this time,

1 because of the ex parte, she has full custody, I'm on
2 supervised visitation and there's nothing I can do.

3 The boys were told by Derek the reason they had to move
4 out suddenly is that I sabotaged the electrical system in
5 their house and that I had their house bugged. Not true at
6 all.

7 After this, Derek was on the run pending charges for
8 elder abuse. Ken Dixon informed me about the home equity
9 line, told me the whole scheme they did, the false
10 documentation. Charges were not filed because it implicated
11 Tracy as well.

12 My sons were uprooted seven times in three years of
13 this man's terror, seven times.

14 The dog Max that you may hear about or have heard
15 about, that was my dog that I bought for my boys. He was a
16 purebred boxer. Lucy was a purebred boxer. The boys were
17 told those dogs fled when the gardener didn't close the gate
18 properly. Not true at all. I have the Sacramento SPCA
19 report. Those dogs were euthanized when they were evicted
20 out of their house.

21 So my sons now lost their dog, they lost their house,
22 they lost their dad. So without any explanation, my boys
23 have no idea what's going on.

24 And you want to talk about people that have trust
25 issues? My two sons right now.

1 During supervised visitation, my son Jake that I
2 apparently abused laid his head on my lap and he said, Dad,
3 quote/unquote, I just want to come live with you. I don't
4 want to live with Mom and Derek. That's in Nick Zamorano's
5 report.

6 The trail was derailed with the chaos that Derek has
7 created and the deceptions and lies. Derek called me from
8 drug rehab. He is the one that in fact told me about that
9 CPS report of Tracy beating the boys, because he turned over
10 videos -- those videos that he always recorded my boys and
11 he coached Tracy to be meaner. He told me he gave those to
12 his counselor, Abby Lockett.

13 Knowing who Derek is, I called CPS to confirm. They
14 said yes, there is an open CPS case. I called the rehab
15 center and I asked to speak to Abby Lockett. She no longer
16 works there and is gone. Same day.

17 I ask you now, Your Honor, if you could please find
18 where those tapes are, because they are nowhere to be found
19 right now. Those tapes alone can shed light on the verbal,
20 emotional, psychological, social and physical abuse that my
21 sons endured during Derek's time.

22 The next four years have been a result of his abuse and
23 lies. Again, from 2013 through 17, 300 days of missed
24 school. He never passed a class in four years. Jake has
25 resorted to drugs to cope with the trauma caused by Derek.

1 In September, 2017, I received an email that Jake was
2 committed to a psychiatric hospital on suicide watch. I
3 went down to the hospital. The truth came out of what's
4 going on.

5 Tracy abandoned him. She filed paperwork. He's a
6 hundred percent custody of mine. Wants nothing to do with
7 him. We went the next day and picked up his clothes off the
8 front line.

9 As we started his life over at my house, three months
10 into it, Stockholm syndrome kicks in. Jake wrote me a
11 beautiful note, and I posted it on social media because I
12 was a proud father. Two days later he goes back to Mom's.
13 Afterwards I see the text messages on the phone from the
14 mother and grandmother.

15 Cody has lived with me full time for seven months now.
16 I stand here under oath, and I have never abused my sons,
17 yet the damage to my sons, to carry out his plan.

18 I sat with my son Cody on August 1st of this year and
19 he had finished his first year of summer school. Cody was
20 an honor student. He was in the honor classes. He's in an
21 engineering class as a freshman. He never had anything less
22 than a B, but with the reign of terror of Derek, he's unable
23 to focus. He failed his class for the first time.

24 As Cody, living with me, knew I was coming here and
25 when I was asked to write an impact statement, I had to

1 research it. I didn't even know what it was. I researched
2 it and I thought, I'm a grown man. This has impacted me
3 severely, but it's impacted my kids the most. They're the
4 ones that should be standing here right now so they can look
5 at him, look him straight in the eye and let him know.

6 So Cody told me, says, Dad, you know what happened.
7 This is Cody's quotes to me: I was a happy person with lots
8 of friends. I loved sports. I loved school. I made
9 friends easily. But after Derek, that all changed. I lost
10 my friends. I haven't played any sports. I don't like
11 school anymore.

12 Cody said that's a lot, but just make sure you tell the
13 Judge everything. And I said, is there anything else? He
14 says, Dad, I know you're innocent.

15 I never got to talk to Jake because Jake, with the
16 Stockholm syndrome, has gone back to his mother's, has
17 resorted to marijuana. I've seen it on his Snapchat.

18 Another blindside, on Thursday when I stepped on a
19 plane to come here, I got off the plane to a message that
20 there's an emergency hearing, that the mother wants to take
21 full custody of the kids while I'm here, knowing I'm unable
22 to attend that hearing. Derek trained her well.

23 She's trying to send Jake to a boys ranch in Washington
24 at the cost of \$4200 a month and a \$1500 admission fee. She
25 said he's out of control and can't control him, per her

1 declaration that was emailed to me while I'm here.

2 Yesterday I was on a hearing from 1:15 to 3:15.

3 To summarize the impact Derek has had on my family, I
4 lost one job because of the distractions. Every time I came
5 back from court, the whole office wanted to know what was
6 going on, because some of the stories are so unbelievable.

7 I did lose my girlfriend that he mailed the package to
8 because it got a little bit overwhelming for her, and she
9 said I'm scared because he knows where I live now.

10 His plan to mentally torture my sons and create a false
11 allegation and parental alienation to get child support as a
12 money stream, as he had a money stream coming in from Sarah
13 Mundy, he had a money stream coming in from a false home
14 equity line.

15 Just because Derek will never be Shelby, his daughter's
16 hero, he purposefully destroyed my son Jake and Cody's hero.
17 The three years of supervised visiting, the lawyers, the
18 loss of work has cost me over \$350,000, and as we all know,
19 it's not over.

20 As my now 16 year old son, because of the post
21 traumatic stress, is looking at a boys ranch at \$4200 a
22 month, the amount of counseling, the amount of supervised
23 visitation that will be going on and on and on for years.

24 For seven years now my sons lived with fear and the
25 abuse he's caused. As both of the boys were removed from

1 sports and baseball, because I was their coach -- it was
2 part of the way to drive a wedge. Derek would tell my boys,
3 your dad is a shitty coach. My boys, both Jake and Cody,
4 lost the opportunity of a championship season, both of them.

5 Cody has been doing extensive counseling and his
6 counselor, quote/unquote, he is really traumatized and shows
7 extreme signs of PTSD. He is 15 years old.

8 The time that you stole from me and my sons has
9 continued and is priceless to me. The storm that he has
10 caused in my life is unforgivable, but the storm he caused
11 to my sons has impacted them and will impact them forever.
12 They were nine and ten and they're 15 and 16 now.

13 Derek is nothing short of a psychopath. He idealizes,
14 he devalues and he discards. He did that to my sons, my
15 minor sons. He is diabolic. He will repeat the torture
16 upon someone else, someone else's children, someone else's
17 family if he's ever released.

18 I ask the Court to please, for all the abused children
19 out there and for my sons and now myself going to
20 counseling, special counseling on how to deal with a PTSD
21 child is incredible. So for my sake and anybody else's
22 sake, Your Honor, please don't let this man out. Thank you.

23 THE COURT: Thank you, sir. Mr. Tatum.

24 MR. TATUM: Yes, Your Honor. Wendy Harvey.

25 THE COURT: Ma'am, if you'll state your name for the

1 record.

2 MS. HARVEY: My name is Wendy Harvey.

3 THE COURT: Thank you, ma'am.

4 MS. HARVEY: I own a marketing agency focusing on
5 social media. I've been in this industry for ten years. I
6 assure you that the skill set that Derek Alldred has when it
7 comes to social media technology is far advanced. The
8 websites, the pdfs of legal documents, the screenshots that he
9 created and the Google apps that he used to carefully construct
10 his storyline was nothing short of genius and brilliant.

11 Derek Alldred has proven to be a con artist, even after
12 serving time. He continues to con women because he knows
13 the law is gray with stealing money when you're in a
14 relationship with someone.

15 It's shameful that even though I searched at the time
16 five years ago, because I had suspicions, nothing showed up.
17 I Googled. I even hired a private investigator, who didn't
18 uncover anything except someone suing him and multiple
19 evictions and multiple addresses for him, but nothing deeper
20 than that.

21 He has shown zero remorse for his actions. He's a
22 master manipulator. He will go to unimaginable lengths to
23 steal money from women.

24 He should be given the maximum sentence, because I have
25 no doubt whatsoever, as soon as he's free, he will just do

1 this again.

2 I live in Hawaii. This happened to me five years ago.
3 I have seen him continually get out of this, but I came here
4 today all the way from that state to try to hopefully see
5 that justice is served. Thank you.

6 THE COURT: Thank you, ma'am. Mr. Tatum.

7 MR. TATUM: Yes, Your Honor, JoAnn Venhuizen.

8 THE COURT: Ma'am, if you'll just state your name.

9 MS. VENHUIZEN: JoAnn Venhuizen.

10 THE COURT: Thank you, ma'am.

11 MS. VENHUIZEN: First, I want to thank you and the
12 court for allowing me and these beautiful women and Kevin the
13 opportunity to hear our voices. We deserve this opportunity,
14 so thank you. Thank you for considering our pain, our
15 physical, emotional, mental, social, spiritual and, yes,
16 financial hurt.

17 For me, Derek was this dream come true. And like most
18 dreams, they're not real. Instead, unfortunately, this was
19 a big, outrageous fantasy, full of lies, deceit and hate.

20 Like you've already heard from Kevin and the women
21 before me, it destroys. What he does destroys. It takes
22 your security, takes your sense of trust. It causes you to
23 feel super uncomfortable in your own skin, in your own home,
24 in your own work place.

25 All the while, you're wondering, is this my fault? Did

1 I do something wrong? You lose the ability to function and
2 you feel -- you feel everything.

3 My hope for today, sir, is that the truth -- oh, that
4 word -- the truth will continue to reveal itself, for me,
5 for these women, and that justice can be served and that
6 freedom -- oh, that we can experience freedom -- freedom
7 from Derek, freedom from this story, freedom from the hurt.
8 Thank you.

9 THE COURT: Thank you, ma'am.

10 MR. TATUM: Yes, Your Honor. Michael Schmotter.

11 Can I have just a second, Your Honor?

12 THE COURT: Yes.

13 MR. TATUM: It will actually be Kimberly Schmotter,
14 Your Honor.

15 THE COURT: Very well. Ma'am, if you'll just state
16 your name.

17 MS. SCHMOTTER: Kimberly Schmotter.

18 I guess I first met Derek in November of 2013, on a
19 dating site, like everybody else did.

20 Just like everybody else, he just doesn't randomly hurt
21 people. He researches carefully and he picks everybody
22 carefully as well. He builds his profile so that it is just
23 the perfect fit.

24 He was a triathlete like me, enjoyed surfing, enjoyed
25 cooking. You know, he's just your perfect match. He was an

1 entrepreneur, a financial partner in a firm called Johnson
2 Alldred & Murphy. I was an entrepreneur. I had an
3 anti-aging business in Maui. I was opening a new medi-spa.
4 So, I mean, it's a dream, right?

5 Like me, he had a daughter who he stated he had custody
6 of but she was staying with her grandmother in California at
7 the time.

8 Of course, when I met him, he was charming and quite
9 convincing. That's the way he is when he meets everybody at
10 first.

11 I was currently building a new practice. I was getting
12 a financial loan, and I was kind of swept away. Because he
13 was a so-called financial specialist, he advised me against
14 taking my loan and financing the project through me. Big
15 mistake, of course. He showed me bank accounts reflecting
16 worths in millions from Chase Bank. Stocks that he
17 supposedly owned.

18 I did some background checking. I wasn't stupid, or at
19 least I didn't think I was. I checked Facebook, LinkedIn,
20 business websites, including reviews. I even went to the
21 extreme of checking the roster of the University of
22 Minnesota hockey team from the year he stated he played for
23 them until he sustained a career-ending injury, and I found
24 his name even on the roster. I still don't know how he did
25 that. I guess I did a fair share of checking.

1 Given his wealth of experience, I chose to let him --
2 let the loan go and trust financing to him, which of course
3 didn't turn out.

4 By February I guess the relationship went pretty
5 quickly. After all, he was my perfect match. His closing
6 on his home, of course, fell through for some reason or
7 another, and he was basically living in my home by February.

8 He had taken a role as my business manager as well as
9 paying bills for my property. He had also proposed marriage
10 and we set a date for July.

11 This is about the time things start to crumble, just
12 like it does for everybody else. I start to hear from
13 family members that they have been trying to reach me. I
14 check my phone. There's no messages. There's no missed
15 calls, so I can't figure that out.

16 In the meantime, we're placing an offer on a home in
17 Maui. And I'm, of course, under the impression everything
18 is going fine with that.

19 At this point I'm starting to have some realization of
20 what's going on. My dad tells me that my mail has been
21 forwarded, and I can't figure out why. So none of my mail
22 is coming to my parents' house, which is where I have all my
23 mail going in Minnesota. My dad says he's opening a piece
24 of mail and finds that a credit card that hasn't been used
25 is double its max.

1 In addition, now I'm starting to receive some calls
2 from creditors stating I haven't paid accounts in months,
3 even though Derek has been supposedly using funds from our
4 bank account to pay these and I've been getting receipts
5 from him saying that they have been paid, while they're all
6 false.

7 Now I'm also -- he's also given me proof that my car
8 was supposedly paid for. Bills, all this is fraudulent.

9 At this point Derek never leaves my side. I can't have
10 a private phone call. I can't reach out to anybody to find
11 out more information.

12 The end result, I come home one day. My home in Hawaii
13 is taped up. My electricity is turned off. I have
14 thousands of dollars of product in my house because it needs
15 to be refrigerated. All of it is ruined.

16 During this time of awakening, I also find out that he
17 illegally breached my computer account from my other work,
18 which is in Minnesota. He signed me up for a bunch of
19 shifts and asked for advance payment. He got the advance
20 payment and never intended on me ever showing up for those
21 shifts, so it ruined my reputation as a physician in
22 Minnesota.

23 At this point, my Hawaii business is forced to close
24 because I have so much debt for product that I thought was
25 paid for and is not paid for and is ruined.

1 Now more letters are starting to appear at my father's
2 house, making me more aware of the amount of deceit and
3 fraud, letters regarding bounced checks, up to \$35,000 in
4 bounced checks that he wrote, maxed out PayPal accounts. I
5 had \$50 on a PayPal account that's now \$5,000. All in all,
6 there's over \$35,000 in fraudulent checks, \$60,000 in
7 fraudulent credit, \$28,000 for advanced pay in work I
8 haven't done, not to mention about \$50,000 in product that
9 is lost.

10 And the reason I'm not receiving calls, he somehow
11 forwarded all my phone calls to his phone, so he's forwarded
12 everything to him.

13 He's also managed to capture all messages from my email
14 account, directing them to him as well. So he basically has
15 held me hostage for months without me being aware.

16 Each time I even mention at this point leaving, he
17 threatens me, saying he's going to ruin my career as a
18 doctor and that I will never practice medicine again and
19 he will make it so I can never see my kids again.

20 At this point I get ahold of my dad, who tells me I
21 need to leave. But I'm not the type of person who likes to
22 be threatened. So even though I know I have nothing and I
23 know the type of person he is, I say I'm not going to leave
24 until I see a little bit of jail time for him.

25 So we're supposed to go to the Caribbean in the spring

1 of that year. We end up in Puerto Rico, not where we're
2 supposed to be. We end up being there for two weeks.
3 There's no hotel. We ended up staying with locals. I have
4 no money.

5 I think he's pretty much there to leave me there. I'm
6 scared. We get to the airport to come home. I try to run.
7 I flag down a car and he runs in front of it. So I figure
8 I'm pretty much stuck with him getting me home or I'm not
9 going to get home at all. My parents are about to report me
10 as a missing person.

11 So I do get home to Minnesota. So at this point in
12 time I know he's stealing checkbooks and I know about what's
13 happening with my credit cards, so what I do at that point,
14 I leave some of my checkbooks out on purpose. I report them
15 stolen before he uses them. I call hotels that I know he'll
16 be staying at, let them know he'll be using a credit card
17 fraudulently. It doesn't work.

18 So eventually he finally got behind bars. I arranged
19 to meet him at a hotel. I knew the St. Paul Hotel had a
20 warrant for him and I notified them which hotel he was at,
21 and that's when he got arrested in Minnesota.

22 Unfortunately, when I met with the police, they told me
23 it wasn't worth pursuing my charges because the amount of
24 money he owed me, I would never get my money back, they
25 said, because he spent it all. And the monetary value of my

1 claim was less than a million dollars, and because of that,
2 the feds wouldn't pursue it. And because he bounced from
3 state to state to state, the charges in each state was never
4 a million dollars, so they would never pursue it. He would
5 never see today. He would never see today happen.

6 And for the next couple of months he does right as he
7 promised. He haunts me from behind bars. He sends emails
8 pretending to be patients and threatening me. He proposes
9 false claims and report them to Better Business Bureau and I
10 have to respond to that. So I don't know how you do that
11 from behind bars, but you do. So he continues to threaten
12 to take my license away, just like he always promised.

13 So how do you pick up the pieces? I'm thankful I'm a
14 physician and I have a supportive family. But what if you
15 don't have my means? A lot of these women here, their lives
16 are ruined.

17 I moved into my parents' house. I had no car. That
18 got repossessed. I had six dollars to my name. It had
19 ruined my reputation. I had to move out of state. I moved
20 to Wisconsin. I couldn't be a doctor in Minnesota. I had
21 media at my door, because he went to jail.

22 My reputation was ruined, so I moved to another state.
23 I had to collect a signing bonus. I had to try to pay back
24 some of my debt. I had to hire a fraud attorney, a
25 bankruptcy attorney. I bankrupted my business.

1 To this day I still can't qualify for a credit card. I
2 can't refinance a home. I was fortunate to get a CD. My
3 business in Hawaii, which was my dream, that's gone. I
4 tried to rebuild my business in Minnesota. Wasn't able to.
5 That's soon to close.

6 I still have nightmares where I'm running from him in
7 Puerto Rico. I didn't know if I was going to come back at
8 all. I have anxiety. I panic every time his name comes up.
9 Today was hard enough to come. This statement was one of
10 the hardest things I ever wrote.

11 In my mind it's the emotional casualties. You can't
12 put a price on it. No punishment is ever enough for the
13 damages are irreparable.

14 Derek is -- he's not a sociopath. He's pure evil. He
15 doesn't collect medals or badges like he portrays in these
16 various identities. He collects his pride and the pieces he
17 creates when he shatters women's lives, and that's what he
18 collects and he takes pride in it.

19 He can't be put away for long enough. If he gets out,
20 he's just going to do it again.

21 And as far as his prognosis for therapy, being a
22 doctor, it's not just guarded. These type of people can't
23 be healed. No amount of therapy will fix him.

24 THE COURT: Thank you, ma'am. Mr. Tatum.

25 MR. TATUM: Vanessa Cabello, Your Honor.

1 THE COURT: Ma'am, if you'll state your name.

2 MS. CABELLO: Vanessa Cabello.

3 THE COURT: Thank you, ma'am.

4 MS. CABELLO: You're welcome. I appreciate the
5 opportunity, Your Honor, the opportunity to expose the truth.

6 I try to make sense of all this, this being all of the
7 women he has harmed and affected. For the women that have
8 spoken up here today and for all the women who have not had
9 the ability or opportunity to speak up, I want my voice to
10 represent those women: Victims whose lives have been turned
11 upside-down due to Derek, the sociopath, the professional
12 con artist.

13 I ask that Derek is properly dealt with so he doesn't
14 get loose and victimize other women in the future. You see,
15 I believe that swindling for Derek is like a drug. Every
16 time he gets away with it, he has a deeper desire to do it
17 again. And in my opinion, he has been quite sophisticated
18 about it.

19 Sometimes people who are adopted struggle with their
20 existence. I believe Derek was one of them. That struggle
21 has bled so deeply into him, he suffers from God knows what
22 illnesses and diseases, but my impressions would be
23 something like manic depressive and a compulsive liar, and
24 that's from an early age.

25 You see, I knew Derek in the '90s when I went to UCLA

1 and he pretended to be a medical student, and I have not
2 seen him since then. So this is very emotional for me and
3 traumatic, to come all the way out from Los Angeles and stir
4 these emotions up again. I had tucked them away, thought
5 that I would be okay. But you see, here I am, still
6 affected by it.

7 I don't think that Derek understands the fundamental
8 difference between lies and the truth. Not only is he a
9 serial liar and a swindler, he's a fundamental narcissist.

10 His parents were very doting on him and tried to make
11 up for the fact that he was adopted. Maybe that's why
12 pretending to be a medical student was easy for him, and all
13 those other things, like a firefighter, hotel investor,
14 Naval officer, NCIS agent. That's pretty darn
15 sophisticated, Your Honor.

16 I must say it's hard for me to trust people after what
17 I've been through. Your Honor, if allowed, Derek will
18 strike again. For this reason, I would be comforted knowing
19 that Derek will serve at least his minimum sentence, if not
20 more. He must be stopped from ruining other lives.

21 Thank you, Your Honor.

22 THE COURT: Thank you, ma'am. Mr. Tatum.

23 MR. TATUM: Your Honor, we have no further victims to
24 provide allocution.

25 THE COURT: Thank you. Mr. Arrambide, if you and

1 your client will take the podium again.

2 Mr. Arrambide, if you would like to comment. You said
3 you wanted to wait and give your response.

4 MR. ARRAMBIDE: Yes. Thank you, Your Honor.

5 Your Honor, I believe earlier Mr. Tatum stated that all
6 these individuals had normal, happy lives before Mr. Alldred
7 appeared in their life, and I'm not sure that's -- at least
8 what I heard today and certainly not what I've seen in the
9 statements.

10 We're living in what at least I think are extraordinary
11 times. We have the "me too" movement. We have Harvey
12 Weinstein and his problems, and it seems like now we live in
13 a time where a spurious allegation is enough. Just an
14 allegation that's out there is enough, and it's going to be
15 followed through and people's lives are ruined.

16 And certainly Mr. Alldred has ruined his life on his
17 own, but then everybody seems to be piling on, and I'll give
18 you a few examples of that.

19 You know, we had Mr. Melder come here, who Mr. Alldred
20 didn't take any money from. He's not here for -- for
21 getting involved in a child custody battle. He's here for
22 fraud. Yet, for years Mr. Melder has been harboring this
23 animus towards Mr. Alldred because he was married, for a
24 time, to his ex-wife. And, you know, why is he here? Why
25 is he here foisting all of that garbage onto the Court and

1 onto Mr. Alldred? I mean, he lost custody of his children.
2 That's why he's here. He's upset about that. And, you
3 know, I would suspect, knowing what I know about family
4 custody law, having been involved in that in the Navy for
5 quite a few years, those kids are a product of a toxic
6 divorce most likely, and yet he comes in here today saying
7 these kids are still being manipulated by Mr. Alldred, who
8 hasn't been in their life since 2013.

9 Why would Mr. Alldred file a case with the Child
10 Protective Services against his wife and against Mr. Melder
11 if he was -- if his aim was to get child custody money? The
12 two are inapposite with each other. It doesn't make sense.

13 So here he is trying to blame Mr. Alldred for all the
14 problems of his toxic divorce and the child custody issues
15 that surely those two individuals are going through. Since
16 Tracy apparently filed an emergency motion while he was
17 gone, it's still toxic to this day.

18 Ms. Pardini comes here and she's been on this, for lack
19 of a better phrase, jihad against Mr. Alldred since they
20 met, according to her own statements, statements she's made
21 to the police, statements she's made to the press from what
22 I can tell, statements she's made to anyone who will listen.

23 She met Mr. Alldred on social media and invited him
24 into her home. She knew his name was Derek Alldred. He
25 never used any other name. His name, in fact, appears on

1 her credit card statements, and she makes all these claims
2 about he took all this money. Yet when there's proof from
3 American Express saying that \$26,000 of the money that he
4 spent on the card that was authorized on her account was
5 taken off her account, she still insists that it's not
6 there. She's -- you know, she wants the cake and she wants
7 to eat it too. Either the \$26,000 was taken as she says, or
8 American Express gave it back, as they say. I'm more
9 inclined to believe American Express than her ranting and
10 raving.

11 Now, according to her statement, they went to Lake
12 Tahoe. They stayed at the Ritz-Carlton. They had a fight.
13 She goes into great detail about all of that. She fails to
14 mention that she was highly intoxicated, according to the
15 staff at the Ritz-Carlton when that fight occurred, and yet
16 this person who she's so afraid of, who she's -- she tells
17 the hotel staff at the Ritz-Carlton that she's in fear for
18 her life, get him out of this room, get him out of my room
19 she says, and he leaves. He goes to another hotel.

20 She's so afraid and so terrified by this man and
21 everything horrible that's happening that the next morning
22 she picks him up at the hotel, the other hotel, and takes
23 him back to San Francisco to her house. These things just
24 don't make sense, Your Honor.

25 Sure, he's a man who has defrauded a great many people

1 out of some money, but then he's also someone who has sweet
2 talked his way into people's lives and never defrauded them,
3 and yet they still harbor an incredible amount of animus
4 towards him.

5 I believe it was Ms. Brandt who says that her
6 livelihood has gone from \$47,000 a year to \$29,000, but he
7 never took any money from her, and yet she's still here
8 because of the emotional feelings that have occurred because
9 he got into her life based on falsehoods.

10 Your Honor, every day of the week, every hour of the
11 day, people enter into relationships under false pretenses.
12 He did that. He didn't take money from many of these people
13 who harbor all this ill-will and animus and say their life
14 was so impacted by his false pretenses. And so they're
15 trying to paint the picture of someone who is not nearly as
16 bad a human being as they would lead you to believe.

17 The last person we heard from, who knew him in 1992,
18 admits in her own statement that she lent him the money.
19 And, yes, he's a horrible boyfriend. She knew his mother.
20 She tried to get the money back from his mother. She loaned
21 him money when she was a struggling student. Well, you
22 know, that's what happens when you're in a relationship and
23 you make bad decisions. You loan money people money and
24 they don't pay you back.

25 He didn't steal from her. He didn't weasel it out of

1 her. He just sweet talked her out of it. And here she is
2 all these years later harboring on this animus, trying to
3 paint him to be the worst person on earth.

4 They're asking for a sentence the likes of which the
5 Enron fraudsters didn't even receive. And, you know, they
6 destroyed the lives not just of a few people, but they
7 destroyed the livelihoods and retirements of countless
8 victims who held Enron stock, and they're asking for that
9 kind of sentence, Your Honor. And in this case we're
10 talking about a couple hundred thousand dollars.

11 But mainly what we're talking about is all their
12 vitriol and all their animus based on the fact that he wooed
13 them, he courted them, he swept them off their feet in some
14 of their statements, because they fell in love with him and
15 it was under false pretenses, and they're really upset about
16 that. That's what's really driving all this in this case.
17 It's not the money.

18 So we live in these times when -- when someone can say
19 this producer did this to me and suddenly their career is
20 over. This other person did such and such to me. And
21 finally we've got I think this week one of the Weinstein
22 accusers is now accused of sexually assaulting somebody
23 else. And so it appears that they're starting to eat each
24 other, at least in Hollywood.

25 So here we are trying to decide what sentence is

1 appropriate for Mr. Alldred. It's -- I don't want to
2 abandon my objections, but in light of the rulings that the
3 Court has made, he's looking at about -- from my
4 calculations, certainly the Court I believe should run the
5 two identity thefts concurrently, because the Court is
6 capable of doing that. The law allows for you to do that.
7 They must be consecutive to the other sentences, but they
8 can be concurrent with each other.

9 And so I believe a sentence, again not wanting to
10 abandon my objections, but in light of your rulings, I think
11 a sentence in the 14 to 15 year range is appropriate.
12 Certainly not as high as 20 years.

13 And so looking at that, if you take the -- and I'll
14 have to get my sentencing -- 162 months certainly on the
15 financial fraud case, with 24 months to follow, for a total
16 of 186 months I believe is more than adequate, Your Honor.
17 That is the high end of the range.

18 But certainly Mr. Alldred, given the monetary amount,
19 certainly doesn't deserve a 20 year sentence plus another
20 four years on top of that. That's just -- that's just
21 completely outrageous. And as I said, that's in excess of
22 what the Enron characters got. And this being so much
23 smaller than the Enron fraud, I would -- I would ask for no
24 higher than that sentence.

25 THE COURT: Thank you, Mr. Arrambide.

1 Mr. Tatum, we kind of reversed the order. Usually --
2 because you had your motion, I took you first. Did you want
3 to make any response before I call upon the Defendant?

4 MR. TATUM: Your Honor, I think the arguments we made
5 in our motion for upward departure were all the same arguments
6 that we would have made when asking for the sentence. And we
7 do, again, reurge our motion and ask for the maximum sentence
8 in this case.

9 THE COURT: I understand.

10 So, Mr. Alldred, you have the right to address the
11 Court prior to sentencing. Now is your opportunity to say
12 anything you would like to say to the Court.

13 MR. DEREK ALLDRED: Okay. Your Honor, I -- couple of
14 things I would like to say. You know, 15 months ago if you and
15 I were to sit here and have this conversation, I would
16 probably -- probably have something different to say and to
17 tell you.

18 You fast-forward 15 months and here we are, and, you
19 know, I'm -- at the least right now, you know, to say I'm
20 mortified and I'm embarrassed and I'm shamed and I'm sorry
21 doesn't begin to capture really how I feel.

22 You know, the harm that I've caused some of the people
23 behind me, it -- it -- I know the money is really
24 inconsequential to a degree, and a few of them have touched
25 on it and it goes to the -- it goes to the core of their

1 trust for people. And I can tell you whole-heartedly, I
2 never, ever did anything to -- I never wanted to hurt
3 someone's trust like that to where they would leave me and
4 move on about life and have that type of deficit. You know,
5 that's the -- that's kind of the cross that I'm going to
6 carry and -- and to those people, I'm very, very sorry.

7 You know, the -- I certainly didn't expect to come here
8 today and be let go. I didn't expect to come and get a
9 light sentence. My expectations were really pretty simple,
10 which was to be able to come here and at least address the
11 people behind me and address you and tell you that I am
12 sorry.

13 And, you know, I hope at this point that the victims
14 behind me can have some peace now, go back home and move on
15 about their lives with a little more -- a little more peace
16 than they've had the past three, four, five years, or even
17 in someone like Vanessa's case where it's been 25 years.
18 You know, hopefully this -- hopefully this brings some
19 closure to that.

20 So I'm sorry, and that's all I have to say.

21 THE COURT: Mr. Alldred, I do have just one question,
22 because you made a comment that said you would have said
23 something different to me if you had been here 15 months ago.
24 I'm just curious, what would you have told me -- if you care to
25 share it, what would you have said to me 15 months ago if you

1 had been before me for sentencing?

2 MR. DEREK ALLDRED: Honestly, I think I would have
3 said I'm sorry, but I probably would have said I'm sorry
4 because I was caught.

5 You know, it's easy to get into situation like this, if
6 you've never -- if you've never been in it, and when you get
7 caught and you're put in handcuffs, everyone is going to be
8 sorry, but for all the wrong reasons.

9 You know, that wore off about four or five months ago
10 when everything -- the reality of what I've done really
11 starts to sink in and you start talking with professionals
12 about it, you know, it's no longer about that with me.

13 You know, getting caught is a byproduct of -- of doing
14 what I did, but being sorry now just takes on kind of a new
15 meaning and a new life. So that's the difference.

16 THE COURT: Thank you. Any reason why the Court
17 should not pronounce sentence at this time?

18 MR. TATUM: None from the Government, Your Honor.

19 MR. ARRAMBIDE: No, Your Honor.

20 THE COURT: So first let me state that -- and I
21 always say this when I'm doing sentencing. Sentencing is the
22 most difficult thing this Court does in its job. I find it to
23 be the most difficult part of my job.

24 Of course, the first step of the process is to
25 determine what the appropriate guideline range is. We've

1 done that in this case. I know Mr. Arrambide had objections
2 that I overruled, but that's our first step in the process.

3 But ultimately my obligation is to determine what the
4 appropriate sentence is for each defendant, using the
5 guidelines as a starting point. And this sentence should
6 not be greater than necessary to accomplish the purposes of
7 the guidelines as set forth in 18 USC Section 3553(a).

8 In reaching the sentence today, I have fully considered
9 all the ramifications of the guidelines. I've looked at the
10 nature and circumstances of this offense. I've considered
11 the need for deterrence and promoting respect for the law
12 for others that might be considering this offense, and to
13 promote respect for the law by the Defendant.

14 I've also considered the need to protect the public
15 from further crimes of the Defendant. I've considered the
16 Defendant's history and characteristics, and I've also
17 considered the victim statements and their statements today.

18 Now, in considering a non-guideline sentence, what I
19 would call a variance, the Court looks at the factors set
20 forth in Section 3553(a) to determine whether it should
21 deviate from the advisory guideline range, and in your case,
22 Mr. Alldred, I believe an upward variance is warranted, and
23 I find the guideline range is not sufficient in this case.

24 And I would note that I know, Mr. Arrambide, you
25 started off your comments talking about the "me too"

1 movement and that nature. I don't think these are
2 comparable at all, in my mind. We're not comparing apples
3 to apples at all, because although this is a gentleman who
4 was defrauding women in these relationships and causing
5 fraud, other than maybe one situation, it's not a situation
6 where someone is being harassed by someone in a superior
7 position or anything like that. I just don't see that to be
8 the same thing.

9 So in looking at my reason for granting an upward
10 variance -- and, of course, I can grant the Government's
11 motion as well in terms of their request for a departure
12 upwards, or again, what I would call a variance. But
13 irrespective of whether I granted that or not, I still would
14 do an upward variance and these are the reasons.

15 Based upon your lengthy history of committing fraud and
16 identity theft, you have pretended to be many different
17 people in many different professions, all with the intent to
18 commit fraud against these various people, and some have
19 spoken today.

20 You have assumed identities and personalities to
21 defraud the individuals out of, some of them, large amounts
22 of money. In all likelihood, the totality of your criminal
23 conduct has yet to even be discovered.

24 Your pattern of behavior of traveling with the sole
25 purpose of committing fraud, and many of these trips were

1 taken really on the victims' -- you know, the cost of the
2 victims, them not knowing they were actually paying for it
3 because you opened up fraudulent accounts in their name.

4 You also -- in reviewing the Presentence Report, you
5 have a pattern or it looks like the inability to ever tell
6 the full truth. There are multiple examples of falsehoods
7 to agents about your family and your past. You denied
8 wearing a military uniform, but when you were confronted
9 with images of wearing the uniform, you still wouldn't admit
10 that you did that.

11 You gave false information about your employment
12 history and residences. The probation officer in their
13 report found that you were untruthful for most of the
14 presentence interview.

15 Of course, we've discussed about the issue whether
16 you're legally blind or not. The problem the Court has with
17 that statement is that you have been driving. None of the
18 victims reported you having difficulty with your eyesight.
19 And again, you didn't complain about any eyesight issues
20 when you first got to the jail. It was only after the
21 Presentence Report was done that this issue came up.

22 You have made no claims of any kind of mental illness
23 prior to your arrest, but then claim that this was all --
24 well, at least through the presentence report, claiming that
25 this was part of the problem after your arrest.

1 It also looks like your employment history appears to
2 be completely falsified.

3 Also, the -- and I deal with fraud cases all the time.
4 The victim statements in this case were completely unique to
5 what I usually see. They all tell a similar story about how
6 they got involved with you and how you got involved with
7 their lives and committed fraud, but what was different from
8 these fraud victims from the ones I usually see in fraud
9 cases is that in all the victim statements I looked at and
10 even their statements today, they didn't come to the Court
11 asking, hey, give me the money or make me whole again,
12 restore the money that I've asked for. That's usually what
13 I see and that's not usually relief I can grant, other than
14 I can grant restitution. Most of the time it's not ever
15 going to get paid.

16 What's unique in this case is victim after victim in
17 the statements and the ones that spoke today as well
18 basically said protect society, please protect society
19 from -- if I let you back out, you're going to continue to
20 do this criminal conduct. That's the message I heard
21 throughout all the victim statements and their statements
22 today, and that is something I just haven't seen in my other
23 fraud cases. Usually people want to be made whole, and
24 that's not what was happening here.

25 I've also -- in looking at the victim statements,

1 there's a lot of -- and I'm trying to think. It was -- I
2 think she spoke today, Ms. Dyas, hers was remarkable in the
3 sense that her commenting on the complete failure of what
4 she believed was the justice system in not listening. Of
5 course, she had multiple statements in there and that's the
6 constant theme that I have seen throughout.

7 Also, I look at this as really extreme conduct. I know
8 Mr. Arrambide tried to say it's not sophisticated. Just
9 listening to the victim statements illustrates how
10 sophisticated your system of fraud was, and it's what you've
11 been doing apparently for 25 years. I mean, it's been going
12 on for a long, long time.

13 So from the Court's perspective -- oh, also, the
14 Government does assert the reasons and this is also
15 justification, because of the conduct that is getting
16 dismissed because of your plea agreement, the Court can
17 consider that also in analyzing the justification for an
18 upward variance.

19 But for the Court, the bottom line for the Court is I
20 have full belief that if you get out of jail, you're going
21 to commit these same crimes again. That's what your history
22 and your pattern has been. All the Court can do is try to
23 protect society from your criminal acts, provide adequate
24 punishment for the entirety of your conduct. And so in that
25 vein, the Court has to do what I believe is the appropriate

1 sentence in this case and that is the maximum sentence
2 allowed under the law.

3 AUDIENCE MEMBER: Yes.

4 THE COURT: And I am going to impose the maximum
5 sentence that the statute allows for me.

6 I would say, Mr. Alldred, that I deal with other kinds
7 of cases in situations where I have to decide whether I
8 have -- it's up to life and I'm allowed to consider that,
9 and I have people that I consider and say should I ever let
10 that person ever out again. You would be one of those
11 people if I had that option. That's not my option in this
12 case because of what you pled guilty to and what I've
13 accepted. So for those reasons, I will now impose sentence.

14 Pursuant to the Sentencing Reform Act of 1984, having
15 considered the factors noted in 18 USC Section 3553(a) and
16 having consulted the advisory Sentencing Guidelines, it is
17 the judgment of the Court the Defendant is hereby committed
18 to the custody of the Bureau of Prisons to be imprisoned for
19 a total -- well, I didn't do the math -- for a total term of
20 288 months.

21 The term consists of 24 months on count three, 24
22 months on count four and 240 months on count six of the
23 superseding indictment, all to be served consecutively,
24 which is the max on each of the -- the aggravated identity
25 theft counts and then 20 years on count six.

1 This sentence is within the advisory guideline range
2 that is greater than 24 months, and this specific sentence
3 is imposed after consideration of the factors set forth in
4 18 USC Section 3553(a).

5 The Court recommends to the Bureau of Prisons you
6 receive appropriate mental health treatment while you're
7 imprisoned.

8 The Court also recommends to the Bureau of Prisons you
9 be considered for drug treatment while you're imprisoned.

10 While incarcerated it's recommended you participate in
11 the Inmate Financial Responsibility Program at a rate to be
12 determined by the Bureau of Prisons' staff in accordance
13 with the requirements of the Inmate Financial Responsibility
14 Program.

15 It's further ordered that you will pay restitution
16 totalling \$254,892.41 to the victims listed in paragraph 38
17 and 39 of the Presentence Report, which is due and payable
18 immediately.

19 The Court finds you don't have the ability to pay a
20 fine and I waive the fine in this case.

21 The Court also finds you don't have the ability to pay
22 interest and I'll waive the interest requirement in this
23 case.

24 It is ordered that you pay the United States a special
25 assessment of \$300, which is due and payable immediately,

1 which is \$100 per each of the counts.

2 Upon release from imprisonment you shall be placed on
3 supervised release for a term of three years. This term
4 consists of a term of one year on count three, one year on
5 count four and three years on count six, all such terms to
6 run concurrently. And this is necessary to monitor your
7 finances as well as any travel that you would have.

8 Within 72 hours of release from the custody of the
9 Bureau of Prisons, you shall report in person to the
10 probation office in the district to which you're released.

11 And you shall not commit another federal, state or
12 local crime, and you shall comply with the standard
13 conditions that have been adopted by the Court. In
14 addition, you must comply with the mandatory and special
15 conditions and instructions that have been set forth in your
16 Presentence Report.

17 Also, I would note that in considering your sentence,
18 I've looked at the issue of what is the appropriate
19 sentence, so even if I'm wrong on all the objections and I'm
20 totally wrong on those -- I think I'm right, but even if I'm
21 wrong, this is the sentence that I would impose and I
22 believe -- I wish I could go higher, based on your
23 systematic fraud you have committed on so many people. The
24 madness has to stop and all I can do -- I can't solve -- I
25 can't get them their money back. I can't give them any

1 other solace, but all I can do is protect society for as
2 long as I can do so, so that's what I'm doing. And so I
3 would say that even if I'm wrong on the objections, this is
4 the sentence I would impose, the maximum allowed under the
5 law.

6 Then I know, Mr. Arrambide, you mentioned about the
7 Enron case. I wasn't the judge in the Enron case, so that's
8 all I would say is that if I had been the judge, maybe
9 something would be different, but I don't know. I don't
10 know anything about the underlying facts of that Presentence
11 Report but --

12 Now, sir, you have the right to appeal your conviction
13 if you believe your guilty plea was somehow unlawful or
14 involuntary, or if there was some other fundamental defect
15 in the proceedings not waived by your guilty plea.

16 You have a statutory right to appeal your sentence
17 under certain circumstances, particularly if you believe
18 your sentence is contrary to law.

19 However, you have waived some of these rights as part
20 of your plea agreement or you've entered a plea agreement
21 and waived certain rights to appeal your conviction and your
22 sentence.

23 With the exception of the grounds reserved in your plea
24 agreement, you have waived any right to appeal in this case.
25 Such waivers are generally enforceable, but if you believe

1 the waiver is not enforceable, you need to present that
2 theory to the Appellate Court.

3 With few exceptions, any notice of appeal must be filed
4 within 14 days of the judgment being entered in this case.
5 If you're unable to pay the costs of the appeal, you can
6 apply for leave to appeal in forma pauperis, which is
7 without payment of fees. If you so request assistance, the
8 clerk of the court will prepare and file a notice of appeal
9 on your behalf.

10 Your Presentence Report is already part of the record.
11 It's under seal. It will remain under seal unless needed
12 for purposes of appeal.

13 And then are there other charges to dismiss based on
14 the plea agreement?

15 MR. TATUM: Yes, Your Honor. The Government would
16 move to dismiss the remaining counts in the superseding
17 indictment.

18 THE COURT: Okay. I'll grant that request.

19 Then, Mr. Arrambide, I didn't ask you. Is there any
20 geographic location you would like me to include in the
21 judgment?

22 MR. ARRAMBIDE: The State of Minnesota, Your Honor.

23 THE COURT: Okay. It's not binding on the Bureau of
24 Prisons, but I will put in my judgment and recommend to the
25 Bureau of Prisons for Minnesota.

Anything further from the Government?

MR. TATUM: No, Your Honor.

THE COURT: Anything further from defense?

MR. ARRAMBIDE: Your Honor, that recommendation for
mental health treatment.

THE COURT: I believe I said that. I think --

MR. ARRAMBIDE: I'm getting an indication you did,
Your Honor, so I'll take that as a --

THE COURT: I believe I did, so if there's nothing
further, then the Court will be in recess until 1:00 o'clock
when we resume our bench trial.

I certify that the foregoing is a correct transcript from
the record of proceedings in the above-entitled matter.

/s/_____
Jan Mason

Date